

AMENDED IN SENATE SEPTEMBER 3, 2013

AMENDED IN SENATE AUGUST 12, 2013

AMENDED IN ASSEMBLY MAY 13, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 8

**Introduced by Assembly Members Perea and Skinner
(Coauthors: Assembly Members Brown and Garcia)**

~~(Coauthor: Senator Cannella)~~

(Coauthors: Senators Cannella and Pavley)

December 3, 2012

An act to amend Sections 41081, 44060.5, 44225, 44229, 44270.3, 44271, 44272, 44273, 44274, 44275, 44280, 44281, 44282, 44283, 44287, 44299.1, and 44299.2 of, to add *and repeal* Section 43018.9 ~~to~~, *of*, and to repeal Section 44299 of, the Health and Safety Code, to amend Sections 42885 and 42889 of the Public Resources Code, and to amend Sections 9250.1, 9250.2, 9261.1, and 9853.6 of the Vehicle Code, relating to vehicular air pollution, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 8, as amended, Perea. Alternative fuel and vehicle technologies: funding programs.

(1) Existing law establishes the Alternative and Renewable Fuel and Vehicle Technology Program, administered by the State Energy Resources Conservation and Development Commission, to provide to specified entities, upon appropriation by the Legislature, grants, loans, loan guarantees, revolving loans, or other appropriate measures, for the development and deployment of innovative technologies that would

transform California's fuel and vehicle types to help attain the state's climate change goals. Existing law specifies that only certain projects or programs are eligible for funding, including block grants administered by public entities or not-for-profit technology entities for multiple projects, education and program promotion within California, and development of alternative and renewable fuel and vehicle technology centers. Existing law requires the commission to develop and adopt an investment plan to determine priorities and opportunities for the program. Existing law also creates the Air Quality Improvement Program, administered by the State Air Resources Board, to fund air quality improvement projects related to fuel and vehicle technologies. ~~Existing law creates the enhanced fleet modernization program to provide compensation for the retirement of passenger vehicles, and light-duty and medium-duty trucks that are high polluters.~~

This bill would provide that the state board, ~~until January 1, 2024,~~ has no authority to enforce any element of its existing clean fuels outlet regulation or other regulation that requires or has the effect of requiring any supplier, as defined, to construct, operate, or provide funding for the construction or operation of any publicly available hydrogen-fueling station. The bill would require the state board to aggregate and make available to the public, no later than June 30, 2014, and every year thereafter, the number of hydrogen-fueled vehicles that motor vehicle manufacturers project to be sold or leased over the next 3 years, as reported to the state board, and the number of hydrogen-fueled vehicles registered with the Department of Motor Vehicles through April 30. The bill would require the commission to allocate \$20 million annually, as specified, until there are at least 100 publicly available hydrogen-fueling stations in California. The bill, on or before December 31, 2015, and annually thereafter, would require the commission and the state board to jointly review and report on the progress toward establishing a hydrogen-fueling network that provides the coverage and capacity to fuel vehicles requiring hydrogen fuel that are being placed into operation in the state, as specified. The bill would authorize the commission to design grants, loan incentive programs, revolving loan programs, and other forms of financial assistance, as specified, for purposes of assisting in the implementation of these provisions. *The bill would repeal the above provisions on January 1, 2024.* The bill, no later than July 1, 2014, would require the state board, in consultation with air pollution control and air quality management districts, to convene working groups to evaluate the specified policies and goals of

specified programs. The bill would add intelligent transportation systems as a category of projects eligible for funding under the Alternative and Renewable Fuel and Vehicle Technology Program. The bill would require the commission and the state board, in making awards under both the Alternative and Renewable Fuel and Vehicle Technology Program and the Air Quality Improvement Program, to provide a preference to projects with higher benefit-cost scores, as defined. ~~The~~

(2) Existing law creates the enhanced fleet modernization program to provide compensation for the retirement of passenger vehicles, and light-duty and medium-duty trucks that are high polluters.

This bill would prohibit any customer incentives for light-duty vehicles from being greater than compensations given to customers under the enhanced fleet modernization program for the retirement of certain high-polluting vehicles.

~~(2)~~

(3) Existing law, until January 1, 2016, increases vehicle registration fees, vessel registration fees, and specified service fees for identification plates by a specified amount. Existing law requires the revenue generated by the increase in those fees to be deposited in the Alternative and Renewable Fuel and Vehicle Technology Fund and either the Air Quality Improvement Fund or the Enhanced Fleet Modernization Subaccount, as provided.

Existing law, until January 1, 2016, imposes on certain vehicles a smog abatement fee of \$20, and requires a specified amount of this fee to be deposited in the Air Quality Improvement Fund and in the Alternative and Renewable Fuel and Vehicle Technology Fund.

This bill would extend those fees in the amounts required to make these deposits into the Alternative and Renewable Fuel and Vehicle Technology Fund, the Air Quality Improvement Fund, and the Enhanced Fleet Modernization Subaccount until January 1, 2024, at which time the fees would be reduced by those amounts.

~~(3)~~

(4) Existing law establishes the Carl Moyer Memorial Air Quality Standards Attainment Program, which is administered by the state board, to provide grants to offset the incremental cost of eligible projects that reduce emissions of air pollutants from sources in the state and for funding a fueling infrastructure demonstration program and technology development efforts. Existing law, beginning January 1, 2015, limits the Carl Moyer program to funding projects that reduce emissions of oxides of nitrogen (NO_x).

This bill would extend the current authorization for the Carl Moyer program to fund a broader range of projects that reduce emissions until January 1, 2024, and would make other conforming changes in that regard. The bill also would delete obsolete references and make conforming changes to the Carl Moyer program.

(4)

(5) Existing law authorizes the district board of the Sacramento Metropolitan Air Quality Management District to adopt a surcharge on motor vehicle registration fees applicable to all motor vehicles registered in the counties within that district. Existing law, until January 1, 2015, raises the limit on the amount of that surcharge from \$4 to \$6 for a motor vehicle whose registration expires on or after December 31, 1990, and requires that \$2 of the surcharge be used to implement the Carl Moyer program, as specified. Beginning January 1, 2015, existing law returns the surcharge limit to its previous amount of \$4.

This bill would extend the \$6 limitation on the surcharge until January 1, 2024, with the limit returning to \$4 beginning on that date.

(5)

(6) Existing law authorizes each air district that has been designated a ~~federal~~ *state* nonattainment area by the state board for any motor vehicle air pollutant, except the Sacramento Metropolitan Air Quality Management District, to levy a surcharge on the registration fees for every motor vehicle registered in that air district, as specified by the governing body of the air district. Existing law requires the Department of Motor Vehicles to collect that surcharge if requested by an air district, and requires the department, after deducting its administrative costs, to distribute the revenues to the air districts. Existing law, until January 1, 2015, raises the limit on the amount of that surcharge from \$4 to \$6 and requires that \$2 of the surcharge be used to implement the Carl Moyer program, as specified. Beginning January 1, 2015, existing law returns the surcharge limit to its previous amount of \$4.

This bill would extend the \$6 limitation on the surcharge until January 1, 2024, with the limit returning to \$4 beginning on that date.

(6)

(7) Existing law imposes, until January 1, 2015, a California tire fee of \$1.75 per tire on every person who purchases a new tire, with the revenues generated to be allocated for prescribed purposes related to disposal and use of used tires. Existing law requires that \$0.75 per tire on which the fee is imposed be deposited in the Air Pollution Control Fund with these moneys to be available upon appropriation by the

Legislature for use by the state board and air districts for specified purposes. Existing law reduces the tire fee to \$0.75 per tire on and after January 1, 2015.

This bill would instead set the tire fee at \$1.75 per tire until January 1, 2024, and reduce the tire fee to \$0.75 per tire on and after January 1, 2024.

(7)

(8) Section 3 of Article XIX of the California Constitution restricts the expenditure of revenues from fees and taxes imposed by the state on vehicles to specified purposes, subject to certain exceptions.

This bill would require the commission and the state board to ensure that revenues from specified fees imposed on vehicles that are used for purposes of the Alternative and Renewable Fuel and Vehicle Technology Program and the Air Quality Improvement Program are expended in compliance with Section 3 of Article XIX of the California Constitution.

(8)

(9) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 41081 of the Health and Safety Code, as
2 amended by Section 1.5 of Chapter 216 of the Statutes of 2011, is
3 amended to read:
4 41081. (a) Subject to Article 3.7 (commencing with Section
5 53720) of Chapter 4 of Part 1 of Division 2 of Title 5 of the
6 Government Code, or with the approval of the board of supervisors
7 of each county included, in whole or in part, within the Sacramento
8 district, the Sacramento district board may adopt a surcharge on
9 the motor vehicle registration fees applicable to all motor vehicles
10 registered in those counties within the Sacramento district whose
11 boards of supervisors have adopted a resolution approving the
12 surcharge. The surcharge shall be collected by the Department of
13 Motor Vehicles and, after deducting the department's
14 administrative costs, the remaining funds shall be transferred to
15 the Sacramento district. Prior to the adoption of any surcharge
16 pursuant to this subdivision, the district board shall make a finding
17 that any funds allocated to the district as a result of the adoption

1 of a county transportation sales and use tax are insufficient to carry
2 out the purposes of this chapter.

3 (b) The surcharge shall not exceed six dollars (\$6).

4 (c) After consulting with the Department of Motor Vehicles on
5 the feasibility thereof, the Sacramento district board may provide,
6 in the surcharge adopted pursuant to subdivision (a), to exempt
7 from all or part of the surcharge any category of low-emission
8 motor vehicle.

9 (d) Funds received by the Sacramento district pursuant to this
10 section shall be used by that district as follows:

11 (1) The revenues resulting from the first four dollars (\$4) of
12 each surcharge shall be used to implement reductions in emissions
13 from vehicular sources, including, but not limited to, a clean fuels
14 program and motor vehicle use reduction measures.

15 (2) The revenues resulting from the next two dollars (\$2) of
16 each surcharge shall be used to implement the following programs
17 that achieve emission reductions from vehicular sources and
18 off-road engines, to the extent that the district determines the
19 program remediates air pollution harms created by motor vehicles
20 on which the surcharge is imposed:

21 (A) Projects eligible for grants under the Carl Moyer Memorial
22 Air Quality Standards Attainment Program (Chapter 9
23 commencing with Section 44275) of Part 5).

24 (B) The new purchase, retrofit, repower, or add-on of equipment
25 for previously unregulated agricultural sources of air pollution, as
26 defined in Section 39011.5, within the Sacramento district, for a
27 minimum of three years from the date of adoption of an applicable
28 rule or standard, or until the compliance date of that rule or
29 standard, whichever is later, if the state board has determined that
30 the rule or standard complies with Sections 40913, 40914, and
31 41503.1, after which period of time, a new purchase, retrofit,
32 repower, or add-on of equipment shall not be funded pursuant to
33 this chapter. The district shall follow any guidelines developed
34 under subdivision (a) of Section 44287 for awarding grants under
35 this program.

36 (C) The purchase of new, or retrofit of emissions control
37 equipment for existing, schoolbuses pursuant to the
38 Lower-Emission School Bus Program adopted by the state board.

1 (D) An accelerated vehicle retirement or repair program that is
2 adopted by the state board pursuant to authority granted hereafter
3 by the Legislature by statute.

4 (E) The replacement of onboard natural gas fuel tanks on
5 schoolbuses owned by a school district that are 14 years or older,
6 not to exceed twenty thousand dollars (\$20,000) per bus, pursuant
7 to the Lower-Emission School Bus Program adopted by the state
8 board.

9 (F) The enhancement of deteriorating natural gas fueling
10 dispensers of fueling infrastructure operated by a school district
11 with a one-time funding amount not to exceed five hundred dollars
12 (\$500) per dispenser, pursuant to the Lower-Emission School Bus
13 Program adopted by the state board.

14 (e) Not more than 5 percent of the funds collected pursuant to
15 this section shall be used by the district for administrative expenses.

16 (f) A project funded by the program shall not be used for credit
17 under any state or federal emissions averaging, banking, or trading
18 program. An emission reduction generated by the program shall
19 not be used as marketable emission reduction credits or to offset
20 any emission reduction obligation of any person or entity. Projects
21 involving new engines that would otherwise generate marketable
22 credits under state or federal averaging, banking, and trading
23 programs shall include transfer of credits to the engine end user
24 and retirement of those credits toward reducing air emissions in
25 order to qualify for funding under the program. A purchase of a
26 low-emission vehicle or of equipment pursuant to a corporate or
27 a controlling board's policy, but not otherwise required by law,
28 shall generate surplus emissions reductions and may be funded by
29 the program.

30 (g) This section shall remain in effect only until January 1, 2024,
31 and as of that date is repealed, unless a later enacted statute, that
32 is enacted before January 1, 2024, deletes or extends that date.

33 SEC. 2. Section 41081 of the Health and Safety Code, as added
34 by Section 2.5 of Chapter 707 of the Statutes of 2004, is amended
35 to read:

36 41081. (a) Subject to Article 3.7 (commencing with Section
37 53720) of Chapter 4 of Part 1 of Division 2 of Title 5 of the
38 Government Code, or with the approval of the board of supervisors
39 of each county included, in whole or in part, within the Sacramento
40 district, the Sacramento district board may adopt a surcharge on

1 the motor vehicle registration fees applicable to all motor vehicles
2 registered in those counties within the Sacramento district whose
3 boards of supervisors have adopted a resolution approving the
4 surcharge. The surcharge shall be collected by the Department of
5 Motor Vehicles and, after deducting the department's
6 administrative costs, the remaining funds shall be transferred to
7 the Sacramento district. Prior to the adoption of any surcharge
8 pursuant to this subdivision, the district board shall make a finding
9 that any funds allocated to the district as a result of the adoption
10 of a county transportation sales and use tax are insufficient to carry
11 out the purposes of this chapter.

12 (b) The surcharge shall not exceed four dollars (\$4).

13 (c) After consulting with the Department of Motor Vehicles on
14 the feasibility thereof, the Sacramento district board may provide,
15 in the surcharge adopted pursuant to subdivision (a), to exempt
16 from all or part of the surcharge any category of low-emission
17 motor vehicle.

18 (d) Funds received by the Sacramento district pursuant to this
19 section shall be used to implement the strategy with respect to the
20 reduction in emissions from vehicular sources, including, but not
21 limited to, a clean fuels program and motor vehicle use reduction
22 measures. Not more than 5 percent of the funds collected pursuant
23 to this section shall be used by the district for administrative
24 expenses.

25 (e) This section shall become operative on January 1, 2024.

26 SEC. 3. Section 43018.9 is added to the Health and Safety
27 Code, to read:

28 43018.9. (a) For purposes of this section, the following terms
29 have the following meanings:

30 (1) "Commission" means the State Energy Resources
31 Conservation and Development Commission.

32 (2) "Publicly available hydrogen-fueling station" means the
33 equipment used to store and dispense hydrogen fuel to vehicles
34 according to industry codes and standards that is open to the public.

35 (b) ~~(1)~~ Notwithstanding any other law, the state board shall
36 have no authority to enforce any element of its existing clean fuels
37 outlet regulation or of any other regulation that requires or has the
38 effect of requiring that any supplier, as defined in Section 7338 of
39 the Revenue and Taxation Code as in effect on May 22, 2013,

1 construct, operate, or provide funding for the construction or
2 operation of any publicly available hydrogen-fueling station.

3 ~~(2) This subdivision shall become inoperative on January 1,~~
4 ~~2024.~~

5 (c) On or before June 30, 2014, and every year thereafter, the
6 state board shall aggregate and make available all of the following:

7 (1) The number of hydrogen-fueled vehicles that motor vehicle
8 manufacturers project to be sold or leased over the next three years
9 as reported to the state board pursuant to the Low Emission Vehicle
10 regulations, as currently established in Sections 1961 to 1961.2,
11 inclusive, of Title 13 of the California Code of Regulations.

12 (2) The total number of hydrogen-fueled vehicles registered
13 with the Department of Motor Vehicles through April 30.

14 (d) On or before June 30, 2014, and every year thereafter, the
15 state board, based on the information made available pursuant to
16 subdivision (c), shall do both of the following:

17 (1) Evaluate the need for additional publicly available
18 hydrogen-fueling stations for the subsequent three years in terms
19 of quantity of fuel needed for the actual and projected number of
20 hydrogen-fueled vehicles, geographic areas where fuel will be
21 needed, and station coverage.

22 (2) Report findings to the commission on the need for additional
23 publicly available hydrogen-fueling stations in terms of number
24 of stations, geographic areas where additional stations will be
25 needed, and minimum operating standards, such as number of
26 dispensers, filling protocols, and pressures.

27 (e) (1) The commission shall allocate twenty million dollars
28 (\$20,000,000) annually to fund the number of stations identified
29 pursuant to subdivision (d), not to exceed 20 percent of the moneys
30 appropriated by the Legislature from the Alternative and
31 Renewable Fuel and Vehicle Technology Fund, established
32 pursuant to Section 44273, until there are at least 100 publicly
33 available hydrogen-fueling stations in operation in California.

34 (2) If the commission, in consultation with the state board,
35 determines that the full amount identified in paragraph (1) is not
36 needed to fund the number of stations identified by the state board
37 pursuant to subdivision (d), the commission may allocate any
38 remaining moneys to other projects, subject to the requirements
39 of the Alternative and Renewable Fuel and Vehicle Technology

1 Program pursuant to Article 2 (commencing with Section 44272)
2 of Chapter 8.9.

3 (3) Allocations by the commission pursuant to this subdivision
4 shall be subject to all of the requirements applicable to allocations
5 from the Alternative and Renewable Fuel and Vehicle Technology
6 Program pursuant to Article 2 (commencing with Section 44272)
7 of Chapter 8.9.

8 (4) The commission, in consultation with the state board, shall
9 award moneys allocated in paragraph (1) based on best available
10 data, including information made available pursuant to subdivision
11 (d), and input from relevant stakeholders, including motor vehicle
12 manufacturers that have planned deployments of hydrogen-fueled
13 vehicles, according to a strategy that supports the deployment of
14 an effective and efficient hydrogen-fueling station network in a
15 way that maximizes benefits to the public while minimizing costs
16 to the state.

17 (5) Notwithstanding paragraph (1), once the commission
18 determines, in consultation with the state board, that the private
19 sector is establishing publicly available hydrogen-fueling stations
20 without the need for government support, the commission may
21 cease providing funding for those stations.

22 (6) On or before December 31, 2015, and annually thereafter,
23 the commission and the state board shall jointly review and report
24 on progress toward establishing a hydrogen-fueling network that
25 provides the coverage and capacity to fuel vehicles requiring
26 hydrogen fuel that are being placed into operation in the state. The
27 commission and the state board shall consider the following,
28 including, but not limited to, the available plans of automobile
29 manufacturers to deploy hydrogen-fueled vehicles in California
30 and their progress toward achieving those plans, the rate of
31 deployment of hydrogen-fueled vehicles, the length of time
32 required to permit and construct hydrogen-fueling stations, the
33 coverage and capacity of the existing hydrogen-fueling station
34 network, and the amount and timing of growth in the fueling
35 network to ensure fuel is available to these vehicles. The review
36 shall also determine the remaining cost and timing to establish a
37 network of 100 publicly available hydrogen-fueling stations and
38 whether funding from the Alternative and Renewable Fuel and
39 Vehicle Technology Program remains necessary to achieve this
40 goal.

1 (f) To assist in the implementation of this section and maximize
2 the ability to deploy fueling infrastructure as rapidly as possible
3 with the assistance of private capital, the commission may design
4 grants, loan incentive programs, revolving loan programs, and
5 other forms of financial assistance. The commission also may enter
6 into an agreement with the Treasurer to provide financial assistance
7 to further the purposes of this section.

8 (g) Funds appropriated to the commission for the purposes of
9 this section shall be available for encumbrance by the commission
10 for up to four years from the date of the appropriation and for
11 liquidation up to four years after expiration of the deadline to
12 encumber.

13 (h) Notwithstanding any other law, the state board, in
14 consultation with districts, no later than July 1, 2014, shall convene
15 working groups to evaluate the policies and goals contained within
16 the Carl Moyer Memorial Air Quality Standards Attainment
17 Program, pursuant to Section 44280, and Assembly Bill 923
18 (Chapter 707 of the Statutes of 2004).

19 *(i) This section shall remain in effect only until January 1, 2024,*
20 *and as of that date is repealed, unless a later enacted statute, that*
21 *is enacted before January 1, 2024, deletes or extends that date.*

22 SEC. 4. Section 44060.5 of the Health and Safety Code is
23 amended to read:

24 44060.5. (a) Beginning July 1, 2008, the smog abatement fee
25 described in subdivision (d) of Section 44060 shall be increased
26 by eight dollars (\$8).

27 (b) Revenues generated by the increase described in this section
28 shall be distributed as follows:

29 (1) The revenues generated by four dollars (\$4) shall be
30 deposited in the Air Quality Improvement Fund created by Section
31 44274.5.

32 (2) The revenues generated by four dollars (\$4) shall be
33 deposited in the Alternative and Renewable Fuel and Vehicle
34 Technology Fund created by Section 44273.

35 (c) This section shall remain in effect only until January 1, 2024,
36 and as of that date is repealed, unless a later enacted statute, that
37 is enacted before January 1, 2024, deletes or extends that date.

38 SEC. 5. Section 44225 of the Health and Safety Code, as
39 amended by Section 3 of Chapter 707 of the Statutes of 2004, is
40 amended to read:

1 44225. A district may increase the fee established under Section
2 44223 to up to six dollars (\$6). A district may increase the fee only
3 if the following conditions are met:

4 (a) A resolution providing for both the fee increase and a
5 corresponding program for expenditure of the increased fees for
6 the reduction of air pollution from motor vehicles pursuant to, and
7 for related planning, monitoring, enforcement, and technical studies
8 necessary for the implementation of, the California Clean Air Act
9 of 1988 is adopted and approved by the governing board of the
10 district.

11 (b) In districts with nonelected officials on their governing
12 boards, the resolution shall be adopted and approved by both a
13 majority of the governing board and a majority of the board
14 members who are elected officials.

15 (c) An increase in fees established pursuant to this section shall
16 become effective on either April 1 or October 1, as provided in
17 the resolution adopted by the board pursuant to subdivision (a).

18 (d) This section shall remain in effect only until January 1, 2024,
19 and as of that date is repealed, unless a later enacted statute, that
20 is enacted before January 1, 2024, deletes or extends that date.

21 SEC. 6. Section 44225 of the Health and Safety Code, as added
22 by Section 3.5 of Chapter 707 of the Statutes of 2004, is amended
23 to read:

24 44225. A district may increase the fee established under Section
25 44223 to up to four dollars (\$4). A district may increase the fee
26 only if the following conditions are met:

27 (a) A resolution providing for both the fee increase and a
28 corresponding program for expenditure of the increased fees for
29 the reduction of air pollution from motor vehicles pursuant to, and
30 for related planning, monitoring, enforcement, and technical studies
31 necessary for the implementation of, the California Clean Air Act
32 of 1988 is adopted and approved by the governing board of the
33 district.

34 (b) In districts with nonelected officials on their governing
35 boards, the resolution shall be adopted and approved by both a
36 majority of the governing board and a majority of the board
37 members who are elected officials.

38 (c) An increase in fees established pursuant to this section shall
39 become effective on either April 1 or October 1, as provided in
40 the resolution adopted by the board pursuant to subdivision (a).

1 (d) This section shall become operative on January 1, 2024.

2 SEC. 7. Section 44229 of the Health and Safety Code, as
3 amended by Section 2.5 of Chapter 216 of the Statutes of 2011, is
4 amended to read:

5 44229. (a) After deducting all administrative costs it incurs
6 through collection of fees pursuant to Section 44227, the
7 Department of Motor Vehicles shall distribute the revenues to
8 districts, which shall use the revenues resulting from the first four
9 dollars (\$4) of each fee imposed to reduce air pollution from motor
10 vehicles and to carry out related planning, monitoring, enforcement,
11 and technical studies necessary for implementation of the California
12 Clean Air Act of 1988. Fees collected by the Department of Motor
13 Vehicles pursuant to this chapter shall be distributed to districts
14 based upon the amount of fees collected from motor vehicles
15 registered within each district.

16 (b) Notwithstanding Sections 44241 and 44243, a district shall
17 use the revenues resulting from the next two dollars (\$2) of each
18 fee imposed pursuant to Section 44227 to implement the following
19 programs that the district determines remediate air pollution harms
20 created by motor vehicles on which the surcharge is imposed:

21 (1) Projects eligible for grants under the Carl Moyer Memorial
22 Air Quality Standards Attainment Program (Chapter 9
23 commencing with Section 44275) of Part 5).

24 (2) The new purchase, retrofit, repower, or add-on equipment
25 for previously unregulated agricultural sources of air pollution, as
26 defined in Section 39011.5, for a minimum of three years from
27 the date of adoption of an applicable rule or standard, or until the
28 compliance date of that rule or standard, whichever is later, if the
29 state board has determined that the rule or standard complies with
30 Sections 40913, 40914, and 41503.1, after which period of time,
31 a new purchase, retrofit, repower, or add-on of equipment shall
32 not be funded pursuant to this chapter. The districts shall follow
33 any guidelines developed under subdivision (a) of Section 44287
34 for awarding grants under this program.

35 (3) The purchase of new, or retrofit of emissions control
36 equipment for existing, schoolbuses pursuant to the
37 Lower-Emission School Bus Program adopted by the state board.

38 (4) An accelerated vehicle retirement or repair program that is
39 adopted by the state board pursuant to authority granted hereafter
40 by the Legislature by statute.

1 (5) The replacement of onboard natural gas fuel tanks on
2 schoolbuses owned by a school district that are 14 years or older,
3 not to exceed twenty thousand dollars (\$20,000) per bus, pursuant
4 to the Lower-Emission School Bus Program adopted by the state
5 board.

6 (6) The enhancement of deteriorating natural gas fueling
7 dispensers of fueling infrastructure operated by a school district
8 with a one-time funding amount not to exceed five hundred dollars
9 (\$500) per dispenser, pursuant to the Lower-Emission School Bus
10 Program adopted by the state board.

11 (c) The Department of Motor Vehicles may annually expend
12 not more than 1 percent of the fees collected pursuant to Section
13 44227 on administrative costs.

14 (d) A project funded by the program shall not be used for credit
15 under any state or federal emissions averaging, banking, or trading
16 program. An emission reduction generated by the program shall
17 not be used as marketable emission reduction credits or to offset
18 any emission reduction obligation of any person or entity. Projects
19 involving new engines that would otherwise generate marketable
20 credits under state or federal averaging, banking, and trading
21 programs shall include transfer of credits to the engine end user
22 and retirement of those credits toward reducing air emissions in
23 order to qualify for funding under the program. A purchase of a
24 low-emission vehicle or of equipment pursuant to a corporate or
25 a controlling board's policy, but not otherwise required by law,
26 shall generate surplus emissions reductions and may be funded by
27 the program.

28 (e) This section shall remain in effect only until January 1, 2024,
29 and as of that date is repealed, unless a later enacted statute, that
30 is enacted before January 1, 2024, deletes or extends that date.

31 SEC. 8. Section 44229 of the Health and Safety Code, as added
32 by Section 4.5 of Chapter 707 of the Statutes of 2004, is amended
33 to read:

34 44229. (a) After deducting all administrative costs it incurs
35 through collection of fees pursuant to Section 44227, the
36 Department of Motor Vehicles shall distribute the revenues to
37 districts which shall use the fees to reduce air pollution from motor
38 vehicles and to carry out related planning, monitoring, enforcement,
39 and technical studies necessary for implementation of the California
40 Clean Air Act of 1988. Fees collected by the Department of Motor

1 Vehicles pursuant to this chapter shall be distributed to districts
2 based upon the amount of fees collected from motor vehicles
3 registered within each district.

4 (b) The Department of Motor Vehicles may annually expend
5 not more than the following percentages of the fees collected
6 pursuant to Section 44227 on administrative costs:

7 (1) During the first year after the operative date of this chapter,
8 not more than 5 percent of the fees collected may be used for
9 administrative costs.

10 (2) During the second year after the operative date of this
11 chapter, not more than 3 percent of the fees collected may be used
12 for administrative costs.

13 (3) During any year subsequent to the second year after the
14 operative date of this chapter, not more than 1 percent of the fees
15 collected may be used for administrative costs.

16 (c) This section shall become operative on January 1, 2024.

17 SEC. 9. Section 44270.3 of the Health and Safety Code is
18 amended to read:

19 44270.3. For the purposes of this chapter, the following terms
20 have the following meanings:

21 (a) “Benefit-cost score,” for the Alternative and Renewable Fuel
22 and Vehicle Technology Program created pursuant to Section
23 44272, means a project’s expected or potential greenhouse gas
24 emissions reduction per dollar awarded by the commission to the
25 project from the Alternative and Renewable Fuel and Vehicle
26 Technology Fund.

27 (b) “Commission” means the State Energy Resources
28 Conservation and Development Commission.

29 (c) “Full fuel-cycle assessment” or “life-cycle assessment”
30 means evaluating and comparing the full environmental and health
31 impacts of each step in the life cycle of a fuel, including, but not
32 limited to, all of the following:

33 (1) Feedstock production, extraction, cultivation, transport, and
34 storage, and the transportation and use of water and changes in
35 land use and land cover therein.

36 (2) Fuel production, manufacture, distribution, marketing,
37 transport, and storage, and the transportation and use of water
38 therein.

39 (3) Vehicle operation, including refueling, combustion,
40 conversion, permeation, and evaporation.

(d) “Vehicle technology” means any vehicle, boat, off-road equipment, or locomotive, or component thereof, including its engine, propulsion system, transmission, or construction materials.

(e) For purposes of the Air Quality Improvement Program created pursuant to Section 44274, the following terms have the following meanings:

(1) “Benefit-cost score” means the reasonably expected or potential criteria pollutant emission reductions achieved per dollar awarded by the board for the project.

(2) “Project” means a category of investments identified for potential funding by the board, including, but not limited to, competitive grants, revolving loans, loan guarantees, loans, vouchers, rebates, and other appropriate funding measures for specific vehicles, equipment, technologies, or initiatives authorized by Section 44274.

SEC. 10. Section 44271 of the Health and Safety Code is amended to read:

44271. (a) This chapter creates the Alternative and Renewable Fuel and Vehicle Technology Program, pursuant to Section 44272, to be administered by the commission, and the Air Quality Improvement Program, pursuant to Section 44274, to be administered by the state board. The commission and the state board shall do all of the following in fulfilling their responsibilities pursuant to their respective programs:

(1) Establish sustainability goals to ensure that alternative and renewable fuel and vehicle deployment projects, on a full fuel-cycle assessment basis, will not adversely impact natural resources, especially state and federal lands.

(2) Establish a competitive process for the allocation of funds for projects funded pursuant to this chapter, which considers, among other factors, the benefit-cost score, as defined in subdivision (a) of Section 44270.3, associated with a project for the Alternative and Renewable Fuel and Vehicle Technology Program or, as defined in paragraph (1) of subdivision (e) of Section 44270.3, associated with a project, as defined in paragraph (2) of subdivision (e) of Section 44270.3, for the Air Quality Improvement Program.

(3) Identify additional federal and private funding opportunities to augment or complement the programs created pursuant to this chapter.

1 (4) Ensure that the results of the reductions in emissions or
2 benefits can be measured and quantified.

3 (5) Ensure that those revenues derived from fees imposed on
4 motor vehicles that are expended pursuant to this chapter, as
5 amended by Assembly Bill 8 of the 2013–14 Regular Session of
6 the Legislature, are expended in compliance with Section 3 of
7 Article XIX of the California Constitution, as were the revenues
8 derived from fees imposed on motor vehicles pursuant to Assembly
9 Bill 118 (Chapter 750 of the Statutes of 2007).

10 (b) The state board, in consultation with the commission, shall
11 develop and adopt guidelines for both the Alternative and
12 Renewable Fuel and Vehicle Technology Program and the Air
13 Quality Improvement Program to ensure that programs meet both
14 of the following requirements:

15 (1) Activities undertaken pursuant to the programs complement,
16 and do not interfere with, efforts to achieve and maintain federal
17 and state ambient air quality standards and to reduce toxic air
18 contaminant and greenhouse gas emissions.

19 (2) Activities undertaken pursuant to the programs maintain or
20 improve upon emission reductions and air quality benefits in the
21 State Implementation Plan for Ozone, California Phase 2
22 Reformulated Gasoline standards, and diesel fuel regulations.

23 (c) For the purposes of both of the programs created by this
24 chapter, eligible projects do not include those required to be
25 undertaken pursuant to state or federal law, district rules or
26 regulations, memoranda of understanding with a governmental
27 entity, or legally binding agreements or documents. For the
28 purposes of the Alternative and Renewable Fuel and Vehicle
29 Technology Program, the state board shall advise the commission
30 to ensure the requirements of this subdivision are met.

31 (d) Any customer incentives for light-duty vehicles, including
32 rebates, shall not be greater than compensations given to consumers
33 pursuant to Section 44125.

34 SEC. 11. Section 44272 of the Health and Safety Code is
35 amended to read:

36 44272. (a) The Alternative and Renewable Fuel and Vehicle
37 Technology Program is hereby created. The program shall be
38 administered by the commission. The commission shall implement
39 the program by regulation pursuant to the requirements of Chapter
40 3.5 (commencing with Section 11340) of Part 1 of Division 3 of

1 Title 2 of the Government Code. The program shall provide, upon
2 appropriation by the Legislature, competitive grants, revolving
3 loans, loan guarantees, loans, or other appropriate funding
4 measures, to public agencies, vehicle and technology entities,
5 businesses and projects, public-private partnerships, workforce
6 training partnerships and collaboratives, fleet owners, consumers,
7 recreational boaters, and academic institutions to develop and
8 deploy innovative technologies that transform California's fuel
9 and vehicle types to help attain the state's climate change policies.
10 The emphasis of this program shall be to develop and deploy
11 technology and alternative and renewable fuels in the marketplace,
12 without adopting any one preferred fuel or technology.

13 (b) A project that receives more than seventy-five thousand
14 dollars (\$75,000) in funds from the commission shall be approved
15 at a noticed public meeting of the commission and shall be
16 consistent with the priorities established by the investment plan
17 adopted pursuant to Section 44272.5. Under this article, the
18 commission may delegate to the commission's executive director,
19 or his or her designee, the authority to approve either of the
20 following:

21 (1) A contract, grant, loan, or other agreement or award that
22 receives seventy-five thousand dollars (\$75,000) or less in funds
23 from the commission.

24 (2) Amendments to a contract, grant, loan, or other agreement
25 or award as long as the amendments do not increase the amount
26 of the award, change the scope of the project, or modify the purpose
27 of the agreement.

28 (c) The commission shall provide preferences to those projects
29 that maximize the goals of the Alternative and Renewable Fuel
30 and Vehicle Technology Program, based on the following criteria,
31 as applicable:

32 (1) The project's ability to provide a measurable transition from
33 the nearly exclusive use of petroleum fuels to a diverse portfolio
34 of viable alternative fuels that meet petroleum reduction and
35 alternative fuel use goals.

36 (2) The project's consistency with existing and future state
37 climate change policy and low-carbon fuel standards.

38 (3) The project's ability to reduce criteria air pollutants and air
39 toxics and reduce or avoid multimedia environmental impacts.

1 (4) The project's ability to decrease, on a life-cycle basis, the
2 discharge of water pollutants or any other substances known to
3 damage human health or the environment, in comparison to the
4 production and use of California Phase 2 Reformulated Gasoline
5 or diesel fuel produced and sold pursuant to California diesel fuel
6 regulations set forth in Article 2 (commencing with Section 2280)
7 of Chapter 5 of Division 3 of Title 13 of the California Code of
8 Regulations.

9 (5) The project does not adversely impact the sustainability of
10 the state's natural resources, especially state and federal lands.

11 (6) The project provides nonstate matching funds. Costs incurred
12 from the date a proposed award is noticed may be counted as
13 nonstate matching funds. The commission may adopt further
14 requirements for the purposes of this paragraph. The commission
15 is not liable for costs incurred pursuant to this paragraph if the
16 commission does not give final approval for the project or the
17 proposed recipient does not meet requirements adopted by the
18 commission pursuant to this paragraph.

19 (7) The project provides economic benefits for California by
20 promoting California-based technology firms, jobs, and businesses.

21 (8) The project uses existing or proposed fueling infrastructure
22 to maximize the outcome of the project.

23 (9) The project's ability to reduce on a life-cycle assessment
24 greenhouse gas emissions by at least 10 percent, and higher
25 percentages in the future, from current reformulated gasoline and
26 diesel fuel standards established by the state board.

27 (10) The project's use of alternative fuel blends of at least 20
28 percent, and higher blend ratios in the future, with a preference
29 for projects with higher blends.

30 (11) The project drives new technology advancement for
31 vehicles, vessels, engines, and other equipment, and promotes the
32 deployment of that technology in the marketplace.

33 (d) The commission shall rank applications for projects proposed
34 for funding awards based on solicitation criteria developed in
35 accordance with subdivision (c), and shall give additional
36 preference to funding those projects with higher benefit-cost scores.

37 (e) Only the following shall be eligible for funding:

38 (1) Alternative and renewable fuel projects to develop and
39 improve alternative and renewable low-carbon fuels, including
40 electricity, ethanol, dimethyl ether, renewable diesel, natural gas,

1 hydrogen, and biomethane, among others, and their feedstocks
2 that have high potential for long-term or short-term
3 commercialization, including projects that lead to sustainable
4 feedstocks.

5 (2) Demonstration and deployment projects that optimize
6 alternative and renewable fuels for existing and developing engine
7 technologies.

8 (3) Projects to produce alternative and renewable low-carbon
9 fuels in California.

10 (4) Projects to decrease the overall impact of an alternative and
11 renewable fuel's life cycle carbon footprint and increase
12 sustainability.

13 (5) Alternative and renewable fuel infrastructure, fueling
14 stations, and equipment. The preference in paragraph (10) of
15 subdivision (c) shall not apply to renewable diesel or biodiesel
16 infrastructure, fueling stations, and equipment used solely for
17 renewable diesel or biodiesel fuel.

18 (6) Projects to develop and improve light-, medium-, and
19 heavy-duty vehicle technologies that provide for better fuel
20 efficiency and lower greenhouse gas emissions, alternative fuel
21 usage and storage, or emission reductions, including propulsion
22 systems, advanced internal combustion engines with a 40 percent
23 or better efficiency level over the current market standard,
24 lightweight materials, intelligent transportation systems, energy
25 storage, control systems and system integration, physical
26 measurement and metering systems and software, development of
27 design standards and testing and certification protocols, battery
28 recycling and reuse, engine and fuel optimization electronic and
29 electrified components, hybrid technology, plug-in hybrid
30 technology, battery electric vehicle technology, fuel cell
31 technology, and conversions of hybrid technology to plug-in
32 technology through the installation of safety certified supplemental
33 battery modules.

34 (7) Programs and projects that accelerate the commercialization
35 of vehicles and alternative and renewable fuels including buy-down
36 programs through near-market and market-path deployments,
37 advanced technology warranty or replacement insurance,
38 development of market niches, supply-chain development, and
39 research related to the pedestrian safety impacts of vehicle
40 technologies and alternative and renewable fuels.

1 (8) Programs and projects to retrofit medium- and heavy-duty
2 onroad and nonroad vehicle fleets with technologies that create
3 higher fuel efficiencies, including alternative and renewable fuel
4 vehicles and technologies, idle management technology, and
5 aerodynamic retrofits that decrease fuel consumption.

6 (9) Infrastructure projects that promote alternative and renewable
7 fuel infrastructure development connected with existing fleets,
8 public transit, and existing transportation corridors, including
9 physical measurement or metering equipment and truck stop
10 electrification.

11 (10) Workforce training programs related to alternative and
12 renewable fuel feedstock production and extraction, renewable
13 fuel production, distribution, transport, and storage,
14 high-performance and low-emission vehicle technology and high
15 tower electronics, automotive computer systems, mass transit fleet
16 conversion, servicing, and maintenance, and other sectors or
17 occupations related to the purposes of this chapter.

18 (11) Block grants or incentive programs administered by public
19 entities or not-for-profit technology entities for multiple projects,
20 education and program promotion within California, and
21 development of alternative and renewable fuel and vehicle
22 technology centers. The commission may adopt guidelines for
23 implementing the block grant or incentive program, which shall
24 be approved at a noticed public meeting of the commission.

25 (12) Life cycle and multimedia analyses, sustainability and
26 environmental impact evaluations, and market, financial, and
27 technology assessments performed by a state agency to determine
28 the impacts of increasing the use of low-carbon transportation fuels
29 and technologies, and to assist in the preparation of the investment
30 plan and program implementation.

31 (13) A program to provide funding for homeowners who
32 purchase a plug-in electric vehicle to offset costs associated with
33 modifying electrical sources to include a residential plug-in electric
34 vehicle charging station. In establishing this program, the
35 commission shall consider funding criteria to maximize the public
36 benefit of the program.

37 (f) The commission may make a single source or sole source
38 award pursuant to this section for applied research. The same
39 requirements set forth in Section 25620.5 of the Public Resources
40 Code shall apply to awards made on a single source basis or a sole

1 source basis. This subdivision does not authorize the commission
2 to make a single source or sole source award for a project or
3 activity other than for applied research.

4 (g) The commission may do all of the following:

5 (1) Contract with the Treasurer to expend funds through
6 programs implemented by the Treasurer, if the expenditure is
7 consistent with all of the requirements of this article and Article
8 1 (commencing with Section 44270).

9 (2) Contract with small business financial development
10 corporations established by the Business, Transportation and
11 Housing Agency to expend funds through the Small Business Loan
12 Guarantee Program if the expenditure is consistent with all of the
13 requirements of this article and Article 1 (commencing with Section
14 44270).

15 (3) Advance funds, pursuant to an agreement with the
16 commission, to any of the following:

17 (A) A public entity.

18 (B) A recipient to enable it to make advance payments to a
19 public entity that is a subrecipient of the funds and under a binding
20 and enforceable subagreement with the recipient.

21 (C) An administrator of a block grant program.

22 SEC. 12. Section 44273 of the Health and Safety Code is
23 amended to read:

24 44273. (a) The Alternative and Renewable Fuel and Vehicle
25 Technology Fund is hereby created in the State Treasury, to be
26 administered by the commission. The moneys in the fund, upon
27 appropriation by the Legislature, shall be expended by the
28 commission to implement the Alternative and Renewable Fuel and
29 Vehicle Technology Program in accordance with this chapter.

30 (b) Notwithstanding any other provision of law, the sum of ten
31 million dollars (\$10,000,000) shall be transferred annually from
32 the Public Interest Research, Development, and Demonstration
33 Fund created by Section 384 of the Public Utilities Code to the
34 Alternative and Renewable Fuel and Vehicle Technology Fund.
35 Prior to the award of any funds from this source, the commission
36 shall make a determination that the proposed project will provide
37 benefits to electric or natural gas ratepayers based upon the
38 commission's adopted criteria.

39 (c) Beginning with the integrated energy policy report adopted
40 in 2011, and in the subsequent reports adopted thereafter, pursuant

1 to Section 25302 of the Public Resources Code, the commission
2 shall include an evaluation of research, development, and
3 deployment efforts funded by this chapter. The evaluation shall
4 include all of the following:

5 (1) A list of projects funded by the Alternative and Renewable
6 Fuel and Vehicle Technology Fund.

7 (2) The expected benefits of the projects in terms of air quality,
8 petroleum use reduction, greenhouse gas emissions reduction,
9 technology advancement, benefit-cost assessment, and progress
10 towards achieving these benefits.

11 (3) The overall contribution of the funded projects toward
12 promoting a transition to a diverse portfolio of clean, alternative
13 transportation fuels and reduced petroleum dependency in
14 California.

15 (4) Key obstacles and challenges to meeting these goals
16 identified through funded projects.

17 (5) Recommendations for future actions.

18 SEC. 13. Section 44274 of the Health and Safety Code is
19 amended to read:

20 44274. (a) The Air Quality Improvement Program is hereby
21 created. The program shall be administered by the state board, in
22 consultation with the districts. The state board shall develop
23 guidelines to implement the program. Prior to the adoption of the
24 guidelines, the state board shall hold at least one public hearing.
25 In addition, the state board shall hold at least three public
26 workshops with at least one workshop in northern California, one
27 in the central valley, and one in southern California. The purpose
28 of the program shall be to fund, upon appropriation by the
29 Legislature, air quality improvement projects relating to fuel and
30 vehicle technologies. The primary purpose of the program shall
31 be to fund projects to reduce criteria air pollutants, improve air
32 quality, and provide funding for research to determine and improve
33 the air quality impacts of alternative transportation fuels and
34 vehicles, vessels, and equipment technologies.

35 (b) The state board shall provide preference in awarding funding
36 to those projects with higher benefit-cost scores that maximize the
37 purposes and goals of the Air Quality Improvement Program. The
38 state board also may give additional preference based on the
39 following criteria, as applicable, in funding awards to projects:

1 (1) Proposed or potential reduction of criteria or toxic air
2 pollutants.

3 (2) Contribution to regional air quality improvement.

4 (3) Ability to promote the use of clean alternative fuels and
5 vehicle technologies as determined by the state board, in
6 coordination with the commission.

7 (4) Ability to achieve climate change benefits in addition to
8 criteria pollutant or air toxic emissions reductions.

9 (5) Ability to support market transformation of California's
10 vehicle or equipment fleet to utilize low carbon or zero-emission
11 technologies.

12 (6) Ability to leverage private capital investments.

13 (c) The program shall be limited to competitive grants, revolving
14 loans, loan guarantees, loans, and other appropriate funding
15 measures that further the purposes of the program. Projects to be
16 funded shall include only the following:

17 (1) Onroad and off-road equipment projects that are cost
18 effective.

19 (2) Projects that provide mitigation for off-road gasoline exhaust
20 and evaporative emissions.

21 (3) Projects that provide research to determine the air quality
22 impacts of alternative fuels and projects that study the life-cycle
23 impacts of alternative fuels and conventional fuels, the emissions
24 of biofuel and advanced reformulated gasoline blends, and air
25 pollution improvements and control technologies for use with
26 alternative fuels and vehicles.

27 (4) Projects that augment the University of California's
28 agricultural experiment station and cooperative extension programs
29 for research to increase sustainable biofuels production and
30 improve the collection of biomass feedstock.

31 (5) Incentives for small off-road equipment replacement to
32 encourage consumers to replace internal combustion engine lawn
33 and garden equipment.

34 (6) Incentives for medium- and heavy-duty vehicles and
35 equipment mitigation, including all of the following:

36 (A) Lower emission schoolbus programs.

37 (B) Electric, hybrid, and plug-in hybrid onroad and off-road
38 medium- and heavy-duty equipment.

1 (C) Regional air quality improvement and attainment programs
2 implemented by the state or districts in the most impacted regions
3 of the state.

4 (7) Workforce training initiatives related to advanced energy
5 technology designed to reduce air pollution, including
6 state-of-the-art equipment and goods, and new processes and
7 systems. Workforce training initiatives funded shall be broad-based
8 partnerships that leverage other public and private job training
9 programs and resources. These partnerships may include, though
10 are not limited to, employers, labor unions, labor-management
11 partnerships, community organizations, workforce investment
12 boards, postsecondary education providers including community
13 colleges, and economic development agencies.

14 (8) Incentives to identify and reduce emissions from
15 high-emitting light-duty vehicles.

16 (d) (1) Beginning January 1, 2011, the state board shall submit
17 to the Legislature a biennial report to evaluate the implementation
18 of the Air Quality Improvement Program established pursuant to
19 this chapter.

20 (2) The report shall include all of the following:

21 (A) A list of projects funded by the Air Quality Improvement
22 Account.

23 (B) The expected benefits of the projects in promoting clean,
24 alternative fuels and vehicle technologies.

25 (C) Improvement in air quality and public health, greenhouse
26 gas emissions reductions, and the progress made toward achieving
27 these benefits.

28 (D) The impact of the projects in making progress toward
29 attainment of state and federal air quality standards.

30 (E) Recommendations for future actions.

31 (3) The state board may include the information required to be
32 reported pursuant to paragraph (1) in an existing report to the
33 Legislature as the state board deems appropriate.

34 SEC. 14. Section 44275 of the Health and Safety Code, as
35 amended by Section 5 of Chapter 707 of the Statutes of 2004, is
36 amended to read:

37 44275. (a) As used in this chapter, the following terms have
38 the following meanings:

39 (1) "Advisory board" means the Carl Moyer Program Advisory
40 Board created by Section 44297.

1 (2) “Btu” means British thermal unit.

2 (3) “Commission” means the State Energy Resources
3 Conservation and Development Commission.

4 (4) “Cost-effectiveness” means dollars provided to a project
5 pursuant to subdivision (d) of Section 44283 for each ton of
6 covered emission reduction attributed to a project or to the program
7 as a whole. In calculating cost-effectiveness, one-time grants of
8 funds made at the beginning of a project shall be annualized using
9 a time value of public funds or discount rate determined for each
10 project by the state board, taking into account the interest rate on
11 bonds, interest earned by state funds, and other factors as
12 determined appropriate by the state board. Cost-effectiveness shall
13 be calculated by dividing annualized costs by average annual
14 emissions reduction. The state board, in consultation with the
15 districts and concerned members of the public, shall establish
16 appropriate cost-effective limits for oxides of nitrogen, particulate
17 matter, and reactive organic gases and a reasonable system for
18 comparing the cost-effectiveness of proposed projects as described
19 in subdivision (a) of Section 44283.

20 (5) “Covered emissions” include emissions of oxides of nitrogen,
21 particulate matter, and reactive organic gases from any covered
22 source.

23 (6) “Covered engine” includes any internal combustion engine
24 or electric motor and drive powering a covered source.

25 (7) “Covered source” includes onroad vehicles, off-road
26 nonrecreational equipment and vehicles, locomotives, diesel marine
27 vessels, agricultural sources of air pollution, as defined in Section
28 39011.5, and, as determined by the state board, other high-emitting
29 engine categories.

30 (8) “Covered vehicle” includes any vehicle or piece of
31 equipment powered by a covered engine.

32 (9) “District” means a county air pollution control district or an
33 air quality management district.

34 (10) “Fund” means the Air Pollution Control Fund established
35 pursuant to Section 43015.

36 (11) “Mobile Source Air Pollution Reduction Review
37 Committee” means the Mobile Source Air Pollution Reduction
38 Review Committee created by Section 44244.

39 (12) “Incremental cost” means the cost of the project less a
40 baseline cost that would otherwise be incurred by the applicant in

1 the normal course of business. Incremental costs may include
2 added lease or fuel costs pursuant to Section 44283 as well as
3 incremental capital costs.

4 (13) “New very low emission vehicle” means a heavy-duty
5 vehicle that qualifies as a very low emission vehicle when it is a
6 new vehicle, where new vehicle has the same meaning as defined
7 in Section 430 of the Vehicle Code, or that is modified with the
8 approval and warranty of the original equipment manufacturer to
9 qualify as a very low emission vehicle within 12 months of delivery
10 to an owner for private or commercial use.

11 (14) “NO_x” means oxides of nitrogen.

12 (15) “Program” means the Carl Moyer Memorial Air Quality
13 Standards Attainment Program created by subdivision (a) of
14 Section 44280.

15 (16) “Repower” means replacing an engine with a different
16 engine. The term repower, as used in this chapter, generally refers
17 to replacing an older, uncontrolled engine with a new,
18 emissions-certified engine, although replacing an older
19 emissions-certified engine with a newer engine certified to lower
20 emissions standards may be eligible for funding under this program.

21 (17) “Retrofit” means making modifications to the engine and
22 fuel system such that the retrofitted engine does not have the same
23 specifications as the original engine.

24 (18) “Very low emission vehicle” means a heavy-duty vehicle
25 with emissions significantly lower than otherwise applicable
26 baseline emission standards or uncontrolled emission levels
27 pursuant to Section 44282.

28 (b) This section shall remain in effect only until January 1, 2024,
29 and as of that date is repealed, unless a later enacted statute, that
30 is enacted before January 1, 2024, deletes or extends that date.

31 SEC. 15. Section 44275 of the Health and Safety Code, as
32 added by Section 5.5 of Chapter 707 of the Statutes of 2004, is
33 amended to read:

34 44275. (a) As used in this chapter, the following terms have
35 the following meanings:

36 (1) “Advisory board” means the Carl Moyer Program Advisory
37 Board created by Section 44297.

38 (2) “Btu” means British thermal unit.

39 (3) “Commission” means the State Energy Resources
40 Conservation and Development Commission.

(4) “Cost-effectiveness” means dollars provided to a project pursuant to subdivision (d) of Section 44283 for each ton of NO_x reduction attributed to a project or to the program as a whole. In calculating cost-effectiveness, one-time grants of funds made at the beginning of a project shall be annualized using a time value of public funds or discount rate determined for each project by the state board, taking into account the interest rate on bonds, interest earned by state funds, and other factors as determined appropriate by the state board. Cost-effectiveness shall be calculated by dividing annualized costs by average annual emissions reduction of NO_x in this state.

(5) “Covered engine” includes any internal combustion engine or electric motor and drive powering a covered source.

(6) “Covered source” includes onroad vehicles of 14,000 pounds gross vehicle weight rating (GVWR) or greater, off-road nonrecreational equipment and vehicles, locomotives, diesel marine vessels, stationary agricultural engines, and, as determined by the state board, other high-emitting diesel engine categories.

(7) “Covered vehicle” includes any vehicle or piece of equipment powered by a covered engine.

(8) “District” means a county air pollution control district or an air quality management district.

(9) “Fund” means the Air Pollution Control Fund established pursuant to Section 43015.

(10) “Mobile Source Air Pollution Reduction Review Committee” means the Mobile Source Air Pollution Reduction Review Committee created by Section 44244.

(11) “Incremental cost” means the cost of the project less a baseline cost that would otherwise be incurred by the applicant in the normal course of business. Incremental costs may include added lease or fuel costs pursuant to Section 44283 as well as incremental capital costs.

(12) “New very low emission vehicle” means a vehicle that qualifies as a very low emission vehicle when it is a new vehicle, where new vehicle has the same meaning as defined in Section 430 of the Vehicle Code, or that is modified with the approval and warranty of the original equipment manufacturer to qualify as a very low emission vehicle within 12 months of delivery to an owner for private or commercial use.

(13) “NO_x” means oxides of nitrogen.

1 (14) “Program” means the Carl Moyer Memorial Air Quality
2 Standards Attainment Program created by subdivision (a) of
3 Section 44280.

4 (15) “Repower” means replacing an engine with a different
5 engine. The term repower, as used in this chapter, generally refers
6 to replacing an older, uncontrolled engine with a new,
7 emissions-certified engine, although replacing an older
8 emissions-certified engine with a newer engine certified to lower
9 emissions standards may be eligible for funding under this program.

10 (16) “Retrofit” means making modifications to the engine and
11 fuel system such that the retrofitted engine does not have the same
12 specifications as the original engine.

13 (17) “Very low emission vehicle” means a vehicle with
14 emissions significantly lower than otherwise applicable baseline
15 emission standards or uncontrolled emission levels pursuant to
16 Section 44282.

17 (b) This section shall become operative on January 1, 2024.

18 SEC. 16. Section 44280 of the Health and Safety Code, as
19 amended by Section 6 of Chapter 707 of the Statutes of 2004, is
20 amended to read:

21 44280. (a) There is hereby created the Carl Moyer Memorial
22 Air Quality Standards Attainment Program. The program shall be
23 administered by the state board in accordance with this chapter.
24 The administration of the program may be delegated to the districts.

25 (b) The program shall provide grants to offset the incremental
26 cost of projects that reduce covered emissions from covered sources
27 in California. Eligibility for grant awards shall be determined by
28 the state board, in consultation with the districts, in accordance
29 with this chapter.

30 (c) The program shall also provide funding for a fueling
31 infrastructure demonstration program and for technology
32 development efforts that are expected to result in commercially
33 available technologies in the near-term that would improve the
34 ability of the program to achieve its goals. The infrastructure
35 demonstration and technology development portions of the program
36 shall be managed by the commission, in consultation with the state
37 board.

38 (d) This section shall remain in effect only until January 1, 2024,
39 and as of that date is repealed, unless a later enacted statute, that
40 is enacted before January 1, 2024, deletes or extends that date.

1 SEC. 17. Section 44280 of the Health and Safety Code, as
2 added by Section 6.5 of Chapter 707 of the Statutes of 2004, is
3 amended to read:

4 44280. (a) There is hereby created the Carl Moyer Memorial
5 Air Quality Standards Attainment Program. The program shall be
6 administered by the state board in accordance with this chapter.
7 The administration of the program may be delegated to the districts.

8 (b) The program shall provide grants to offset the incremental
9 cost of projects that reduce emissions of NO_x from covered sources
10 in California. Eligibility for grant awards shall be determined by
11 the state board, in consultation with the districts, in accordance
12 with this chapter.

13 (c) The program shall also provide funding for a fueling
14 infrastructure demonstration program and for technology
15 development efforts that are expected to result in commercially
16 available technologies in the near-term that would improve the
17 ability of the program to achieve its goals. The infrastructure
18 demonstration and technology development portions of the program
19 shall be managed by the commission, in consultation with the state
20 board.

21 (d) This section shall become operative on January 1, 2024.

22 SEC. 18. Section 44281 of the Health and Safety Code, as
23 amended by Section 7 of Chapter 707 of the Statutes of 2004, is
24 amended to read:

25 44281. (a) Eligible projects include, but are not limited to, any
26 of the following:

27 (1) Purchase of new very low or zero-emission covered vehicles
28 or covered heavy-duty engines.

29 (2) Emission-reducing retrofit of covered engines, or
30 replacement of old engines powering covered sources with newer
31 engines certified to more stringent emissions standards than the
32 engine being replaced, or with electric motors or drives.

33 (3) Purchase and use of emission-reducing add-on equipment
34 that has been verified by the state board for covered vehicles.

35 (4) Development and demonstration of practical, low-emission
36 retrofit technologies, repower options, and advanced technologies
37 for covered engines and vehicles with very low emissions of NO_x.

38 (5) Light- and medium-duty vehicle projects in compliance with
39 guidelines adopted by the state board pursuant to Title 13 of the
40 California Code of Regulations.

(b) No project shall be funded under this chapter after the compliance date required by any local, state, or federal statute, rule, regulation, memoranda of agreement or understanding, or other legally binding document, except that an otherwise qualified project may be funded even if the state implementation plan assumes that the change in equipment, vehicles, or operations will occur, if the change is not required by the compliance date of a statute, regulation, or other legally binding document in effect as of the date the grant is awarded. No project funded by the program shall be used for credit under any state or federal emissions averaging, banking, or trading program. No emission reduction generated by the program shall be used as marketable emission reduction credits or to offset any emission reduction obligation of any person or entity. Projects involving new engines that would otherwise generate marketable credits under state or federal averaging, banking, and trading programs shall include transfer of credits to the engine end user and retirement of those credits toward reducing air emissions in order to qualify for funding under the program. A purchase of a low-emission vehicle or of equipment pursuant to a corporate or a controlling board's policy, but not otherwise required by law, shall generate surplus emissions reductions and may be funded by the program.

(c) The program may also provide funding toward installation of fueling or electrification infrastructure as provided in Section 44284.

(d) Eligible applicants may be any individual, company, or public agency that owns one or more covered vehicles that operate primarily within California or otherwise contribute substantially to the NO_x, particulate matter (PM), or reactive organic gas (ROG) emissions inventory in California.

(e) It is the intent of the Legislature that all emission reductions generated by this chapter shall contribute to public health by reducing, for the life of the vehicle being funded, the total amount of emissions in California.

(f) This section shall remain in effect only until January 1, 2024, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2024, deletes or extends that date.

SEC. 19. Section 44281 of the Health and Safety Code, as added by Section 7.5 of Chapter 707 of the Statutes of 2004, is amended to read:

1 44281. (a) Eligible projects are any of the following:

2 (1) Purchase of new very low or zero-emission covered vehicles
3 or covered engines.

4 (2) Emission-reducing retrofit of covered engines, or
5 replacement of old engines powering covered sources with newer
6 engines certified to more stringent emissions standards than the
7 engine being replaced, or with electric motors or drives.

8 (3) Purchase and use of emission-reducing add-on equipment
9 for covered vehicles.

10 (4) Development and demonstration of practical, low-emission
11 retrofit technologies, repower options, and advanced technologies
12 for covered engines and vehicles with very low emissions of NO_x.

13 (b) No new purchase, retrofit, repower, or add-on equipment
14 shall be funded under this chapter if it is required by any local,
15 state, or federal statute, rule, regulation, memoranda of agreement
16 or understanding, or other legally binding document, except that
17 an otherwise qualified project may be funded even if the state
18 implementation plan assumes that the change in equipment,
19 vehicles, or operations will occur, if the change is not required by
20 a statute, regulation, or other legally binding document in effect
21 as of the date the grant is awarded. No project funded by the
22 program shall be used for credit under any state or federal
23 emissions averaging, banking, or trading program. No emission
24 reduction generated by the program shall be used as marketable
25 emission reduction credits or to offset any emission reduction
26 obligation of any entity. Projects involving new engines that would
27 otherwise generate marketable credits under state or federal
28 averaging, banking, and trading programs shall include transfer
29 of credits to the engine end user and retirement of those credits
30 toward reducing air emissions in order to qualify for funding under
31 the program. A purchase of a low-emission vehicle or of equipment
32 pursuant to a corporate or a controlling board's policy, but not
33 otherwise required by law, shall generate surplus emissions
34 reductions and may be funded by the program.

35 (c) The program may also provide funding toward installation
36 of fueling or electrification infrastructure as provided in Section
37 44284.

38 (d) Eligible applicants may be any individual, company, or
39 public agency that owns one or more covered vehicles that operate

1 primarily within California or otherwise contribute substantially
2 to the NO_x emissions inventory in California.

3 (e) It is the intent of the Legislature that all emission reductions
4 generated by this chapter shall contribute to public health by
5 reducing, for the life of the vehicle being funded, the total amount
6 of emissions in California.

7 (f) This section shall become operative on January 1, 2024.

8 SEC. 20. Section 44282 of the Health and Safety Code, as
9 amended by Section 8 of Chapter 707 of the Statutes of 2004, is
10 amended to read:

11 44282. The following criteria apply to all projects to be funded
12 through the program except for projects funded through the
13 infrastructure demonstration program:

14 (a) The state board may establish project criteria, including
15 minimum project life for source categories, in the guidelines
16 described in Section 44287. For previously unregulated source
17 categories, project criteria shall consider the timing of newly
18 established regulatory requirements.

19 (b) To be eligible, projects shall meet the cost-effectiveness per
20 ton of covered emissions reduced requirements of Section 44283.

21 (c) To be eligible, retrofits, repowers, and installation of add-on
22 equipment for covered vehicles shall be performed, or new covered
23 vehicles delivered to the end user, or covered vehicles scrapped
24 on or after the date the program is implemented.

25 (d) Retrofit technologies, new engines, and new vehicles shall
26 be certified for sale or under experimental permit for operation in
27 California.

28 (e) Repower projects that replace older, uncontrolled engines
29 with new, emissions-certified engines or that replace
30 emissions-certified engines with new engines certified to a more
31 stringent NO_x emissions standard are approvable subject to the
32 other applicable selection criteria. The state board shall determine
33 appropriate baseline emission levels for the uncontrolled engines
34 being replaced.

35 (f) For heavy-duty-vehicle projects, retrofit and add-on
36 equipment projects shall document a NO_x or PM emission
37 reduction of at least 25 percent and no increase in other covered
38 emissions compared to the applicable baseline emissions accepted
39 by the state board for that engine year and application. The state
40 board shall determine appropriate baseline emission levels.

1 Acceptable documentation shall be defined by the state board.
2 After study of available emission reduction technologies and after
3 public notice and comment, the state board may revise the
4 minimum percentage emission reduction criterion for retrofits and
5 add-on equipment provided for in this section to improve the ability
6 of the program to achieve its goals.

7 (g) (1) For heavy-duty-vehicle projects involving the purchase
8 of new very low or zero-emission vehicles, engines shall be
9 certified to an optional low NO_x emissions standard established
10 by the state board, except as provided for in paragraph (2).

11 (2) For heavy-duty-vehicle projects involving the purchase of
12 new very low or zero-emission covered vehicles for which no
13 optional low NO_x emission standards are available, documentation
14 shall be provided showing that the low or zero-emission engine
15 emits not more than 70 percent of the NO_x or NO_x plus
16 hydrocarbon emissions of a new engine certified to the applicable
17 baseline NO_x or NO_x plus hydrocarbon emission standard for that
18 engine and meets applicable particulate standards. The state board
19 shall specify the documentation required. If no baseline emission
20 standard exists for new vehicles in a particular category, the state
21 board shall determine an appropriate baseline emission level for
22 comparison.

23 (h) For projects other than heavy-duty-vehicle projects, the state
24 board shall determine appropriate criteria under the provisions of
25 Section 44287.

26 (i) This section shall remain in effect only until January 1, 2024,
27 and as of that date is repealed, unless a later enacted statute, that
28 is enacted before January 1, 2024, deletes or extends that date.

29 SEC. 21. Section 44282 of the Health and Safety Code, as
30 added by Section 8.5 of Chapter 707 of the Statutes of 2004, is
31 amended to read:

32 44282. The following criteria apply to all projects to be funded
33 through the program except for projects funded through the
34 infrastructure demonstration program:

35 (a) Except for projects involving marine vessels, 75 percent or
36 more of vehicle miles traveled or hours of operation shall be
37 projected to be in California for at least five years following the
38 grant award. Projects involving marine vessels and engines shall
39 be limited to those that spend enough time operating in California
40 air basins over the lifetime of the project to meet the

1 cost-effectiveness criteria based on NO_x reductions in California,
2 as provided in Section 44283.

3 (b) To be eligible, projects shall meet cost-effectiveness per ton
4 of NO_x reduced requirements of Section 44283.

5 (c) To be eligible, retrofits, repowers, and installation of add-on
6 equipment for covered vehicles shall be performed, or new covered
7 vehicles delivered to the end user, on or after the date the program
8 is implemented.

9 (d) Retrofit technologies, new engines, and new vehicles shall
10 be certified for sale or under experimental permit for operation in
11 California.

12 (e) Repower projects that replace older, uncontrolled engines
13 with new, emissions-certified engines or that replace
14 emissions-certified engines with new engines certified to a more
15 stringent NO_x emissions standard are approvable subject to the
16 other applicable selection criteria. The state board shall determine
17 appropriate baseline emission levels for the uncontrolled engines
18 being replaced.

19 (f) Retrofit and add-on equipment projects shall document a
20 NO_x emission reduction of at least 25 percent and no increase in
21 particulate emissions compared to the applicable baseline emissions
22 accepted by the state board for that engine year and application.
23 The state board shall determine appropriate baseline emission
24 levels. Acceptable documentation shall be defined by the state
25 board. After study of available emission reduction technologies
26 and after public notice and comment, the state board may revise
27 the minimum percentage NO_x reduction criterion for retrofits and
28 add-on equipment provided for in this section to improve the ability
29 of the program to achieve its goals.

30 (g) (1) For projects involving the purchase of new very low or
31 zero-emission vehicles, engines shall be certified to an optional
32 low NO_x emissions standard established by the state board, except
33 as provided for in paragraph (2).

34 (2) For projects involving the purchase of new very low or
35 zero-emission covered vehicles for which no optional low NO_x
36 emission standards are available, documentation shall be provided
37 showing that the low or zero-emission engine emits not more than
38 70 percent of the NO_x or NO_x plus hydrocarbon emissions of a
39 new engine certified to the applicable baseline NO_x or NO_x plus
40 hydrocarbon emission standard for that engine and meets applicable

1 particulate standards. The state board shall specify the
2 documentation required. If no baseline emission standard exists
3 for new vehicles in a particular category, the state board shall
4 determine an appropriate baseline emission level for comparison.

5 (h) This section shall become operative on January 1, 2024.

6 SEC. 22. Section 44283 of the Health and Safety Code, as
7 amended by Section 1 of Chapter 571 of the Statutes of 2010, is
8 amended to read:

9 44283. (a) Grants shall not be made for projects with a
10 cost-effectiveness, calculated in accordance with this section, of
11 more than thirteen thousand six hundred dollars (\$13,600) per ton
12 of NO_x reduced in California or a higher value that reflects state
13 consumer price index adjustments on or after January 1, 2006, as
14 determined by the state board. For projects obtaining reactive
15 organic gas and particulate matter reductions, the state board shall
16 determine appropriate adjustment factors to calculate a weighted
17 cost-effectiveness.

18 (b) Only covered emission reductions occurring in this state
19 shall be included in the cost-effectiveness determination. The
20 extent to which emissions generated at sea contribute to air quality
21 in California nonattainment areas shall be incorporated into these
22 methodologies based on a reasonable assessment of currently
23 available information and modeling assumptions.

24 (c) The state board shall develop protocols for calculating the
25 surplus covered emission reductions in California from
26 representative project types over the life of the project.

27 (d) The cost of the covered emission reduction is the amount
28 of the grant from the program, including matching funds provided
29 pursuant to subdivision (e) of Section 44287, plus any other state
30 funds, or funds under the district's budget authority or fiduciary
31 control, provided toward the project, not including funds described
32 in paragraphs (1) and (2) of subdivision (a) of Section 44287.2.
33 The state board shall establish reasonable methodologies for
34 evaluating project cost-effectiveness, consistent with the definition
35 contained in paragraph (4) of subdivision (a) of Section 44275,
36 and with accepted methods, taking into account a fair and
37 reasonable discount rate or time value of public funds.

38 (e) A grant shall not be made that, net of taxes, provides the
39 applicant with funds in excess of the incremental cost of the project.
40 Incremental lease costs may be capitalized according to guidelines

1 adopted by the state board so that these incremental costs may be
2 offset by a one-time grant award.

3 (f) Funds under a district's budget authority or fiduciary control
4 may be used to pay for the incremental cost of liquid or gaseous
5 fuel, other than standard gasoline or diesel, which is integral to a
6 covered emission reducing technology that is part of a project
7 receiving grant funding under the program. The fuel shall be
8 approved for sale by the state board. The incremental fuel cost
9 over the expected lifetime of the vehicle may be offset by the
10 district if the project as a whole, including the incremental fuel
11 cost, meets all of the requirements of this chapter, including the
12 maximum allowed cost-effectiveness. The state board shall develop
13 an appropriate methodology for converting incremental fuel costs
14 over the vehicle lifetime into an initial cost for the purposes of
15 determining project cost-effectiveness. Incremental fuel costs shall
16 not be included in project costs for fuels dispensed from any facility
17 that was funded, in whole or in part, from the fund.

18 (g) For purposes of determining any grant amount pursuant to
19 this chapter, the incremental cost of any new purchase, retrofit,
20 repower, or add-on equipment shall be reduced by the value of
21 any current financial incentive that directly reduces the project
22 price, including any tax credits or deductions, grants, or other
23 public financial assistance, not including funds described in
24 paragraphs (1) and (2) of subdivision (a) of Section 44287.2.
25 Project proponents applying for funding shall be required to state
26 in their application any other public financial assistance to the
27 project.

28 (h) For projects that would repower off-road equipment by
29 replacing uncontrolled diesel engines with new, certified diesel
30 engines, the state board may establish maximum grant award
31 amounts per repower. A repower project shall also be subject to
32 the incremental cost maximum pursuant to subdivision (e).

33 (i) After study of available emission reduction technologies and
34 costs and after public notice and comment, the state board may
35 reduce the values of the maximum grant award criteria stated in
36 this section to improve the ability of the program to achieve its
37 goals. Every year the state board shall adjust the maximum
38 cost-effectiveness amount established in subdivision (a) and any
39 per-project maximum set by the state board pursuant to subdivision
40 (h) to account for inflation.

(j) This section shall remain in effect only until January 1, 2024, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2024, deletes or extends that date.

SEC. 23. Section 44283 of the Health and Safety Code, as amended by Section 2 of Chapter 571 of the Statutes of 2010, is amended to read:

44283. (a) Grants shall not be made for projects with a cost-effectiveness, calculated in accordance with this section, of more than twelve thousand dollars (\$12,000) per ton of NO_x reduced in California or a higher value that reflects state consumer price index adjustments on or after January 1, 2024, as determined by the state board.

(b) Only NO_x reductions occurring in this state shall be included in the cost-effectiveness determination. The extent to which emissions generated at sea contribute to air quality in California nonattainment areas shall be incorporated into these methodologies based on a reasonable assessment of currently available information and modeling assumptions.

(c) The state board shall develop protocols for calculating the surplus NO_x reductions in California from representative project types over the life of the project.

(d) The cost of the NO_x reduction is the amount of the grant from the program, including matching funds provided pursuant to subdivision (e) of Section 44287, plus any other state funds, or funds under the district's budget authority or fiduciary control, provided toward the project, not including funds described in paragraphs (1) and (2) of subdivision (a) of Section 44287.2. The state board shall establish reasonable methodologies for evaluating project cost-effectiveness, consistent with the definition contained in paragraph (4) of subdivision (a) of Section 44275, and with accepted methods, taking into account a fair and reasonable discount rate or time value of public funds.

(e) A grant shall not be made that, net of taxes, provides the applicant with funds in excess of the incremental cost of the project. Incremental lease costs may be capitalized according to guidelines adopted by the state board so that these incremental costs may be offset by a one-time grant award.

(f) Funds under a district's budget authority or fiduciary control may be used to pay for the incremental cost of liquid or gaseous fuel, other than standard gasoline or diesel, which is integral to a

1 NO_x reducing technology that is part of a project receiving grant
2 funding under the program. The fuel shall be approved for sale by
3 the state board. The incremental fuel cost over the expected lifetime
4 of the vehicle may be offset by the district if the project as a whole,
5 including the incremental fuel cost, meets all of the requirements
6 of this chapter, including the maximum allowed cost-effectiveness.
7 The state board shall develop an appropriate methodology for
8 converting incremental fuel costs over the vehicle lifetime into an
9 initial cost for the purposes of determining project
10 cost-effectiveness. Incremental fuel costs shall not be included in
11 project costs for fuels dispensed from any facility that was funded,
12 in whole or in part, from the fund.

13 (g) For purposes of determining any grant amount pursuant to
14 this chapter, the incremental cost of any new purchase, retrofit,
15 repower, or add-on equipment shall be reduced by the value of
16 any current financial incentive that directly reduces the project
17 price, including any tax credits or deductions, grants, or other
18 public financial assistance, not including funds described in
19 paragraphs (1) and (2) of subdivision (a) of Section 44287.2.
20 Project proponents applying for funding shall be required to state
21 in their application any other public financial assistance to the
22 project.

23 (h) For projects that would repower off-road equipment by
24 replacing uncontrolled diesel engines with new, certified diesel
25 engines, the state board may establish maximum grant award
26 amounts per repower. A repower project shall also be subject to
27 the incremental cost maximum pursuant to subdivision (e).

28 (i) After study of available emission reduction technologies and
29 costs and after public notice and comment, the state board may
30 reduce the values of the maximum grant award criteria stated in
31 this section to improve the ability of the program to achieve its
32 goals. Every year the state board shall adjust the maximum
33 cost-effectiveness amount established in subdivision (a) and any
34 per-project maximum set by the state board pursuant to subdivision
35 (h) to account for inflation.

36 (j) This section shall become operative on January 1, 2024.

37 SEC. 24. Section 44287 of the Health and Safety Code, as
38 amended by Section 10 of Chapter 707 of the Statutes of 2004, is
39 amended to read:

1 44287. (a) The state board shall establish or update grant
2 criteria and guidelines consistent with this chapter for covered
3 vehicle projects as soon as practicable, but not later than January
4 1, 2006. The adoption of guidelines is exempt from the rulemaking
5 provisions of the Administrative Procedure Act, Chapter 3.5
6 (commencing with Section 11340) of Part 1 of Division 3 of Title
7 2 of the Government Code. The state board shall solicit input and
8 comment from the districts during the development of the criteria
9 and guidelines and shall make every effort to develop criteria and
10 guidelines that are compatible with existing district programs that
11 are also consistent with this chapter. Guidelines shall include
12 protocols to calculate project cost-effectiveness. The grant criteria
13 and guidelines shall include safeguards to ensure that the project
14 generates surplus emissions reductions. Guidelines shall enable
15 and encourage districts to cofund projects that provide emissions
16 reductions in more than one district. The state board shall make
17 draft criteria and guidelines available to the public 45 days before
18 final adoption, and shall hold at least one public meeting to
19 consider public comments before final adoption. The state board
20 may develop separate guidelines and criteria for the different types
21 of eligible projects described in subdivision (a) of Section 44281.

22 (b) The state board, in consultation with the participating
23 districts, may propose revisions to the criteria and guidelines
24 established pursuant to subdivision (a) as necessary to improve
25 the ability of the program to achieve its goals. A proposed revision
26 shall be made available to the public 45 days before final adoption
27 of the revision and the state board shall hold at least one public
28 meeting to consider public comments before final adoption of the
29 revision.

30 (c) The state board shall reserve funds for, and disburse funds
31 to, districts from the fund for administration pursuant to this section
32 and Section 44299.1.

33 (d) The state board shall develop guidelines for a district to
34 follow in applying for the reservation of funds, in accordance with
35 this chapter. It is the intent of the Legislature that district
36 administration of any reserved funds be in accordance with the
37 project selection criteria specified in Sections 44281, 44282, and
38 44283 and all other provisions of this chapter. The guidelines shall
39 be established and published by the state board as soon as
40 practicable, but not later than January 1, 2006.

1 (e) Funds shall be reserved by the state board for administration
2 by a district that adopts an eligible program pursuant to this chapter
3 and offers matching funds at a ratio of one dollar (\$1) of matching
4 funds committed by the district or the Mobile Source Air Pollution
5 Reduction Review Committee for every two dollars (\$2) committed
6 from the fund. Funds available to the Mobile Source Air Pollution
7 Reduction Review Committee may be counted as matching funds
8 for projects in the South Coast Air Basin only if the committee
9 approves the use of these funds for matching purposes. Matching
10 funds may be any funds under the district's budget authority that
11 are committed to be expended in accordance with the program.
12 Funds committed by a port authority or a local government, in
13 cooperation with a district, to be expended in accordance with the
14 program may also be counted as district matching funds. Matching
15 funds provided by a port authority or a local government may not
16 exceed 30 percent of the total required matching funds in any
17 district that applies for more than three hundred thousand dollars
18 (\$300,000) of the state board funds. Only a district, or a port
19 authority or a local government teamed with a district, may provide
20 matching funds.

21 (f) The state board may adjust the ratio of matching funds
22 described in subdivision (e), if it determines that an adjustment is
23 necessary in order to maximize the use of, or the air quality benefits
24 provided by, the program, based on a consideration of the financial
25 resources of the district.

26 (g) Notwithstanding subdivision (e), a district need not provide
27 matching funds for state board funds allocated to the district for
28 program outreach activities pursuant to paragraph (4) of subdivision
29 (a) of Section 44299.1.

30 (h) A district may include within its matching funds a reasonable
31 estimate of direct or in-kind costs for assistance in providing
32 program outreach and application evaluation. In-kind and direct
33 matching funds shall not exceed 15 percent of the total matching
34 funds offered by a district. A district may also include within its
35 matching funds any money spent on or after February 25, 1999,
36 that would have qualified as matching funds but were not
37 previously claimed as matching funds.

38 (i) A district desiring a reservation of funds shall apply to the
39 state board following the application guidelines established
40 pursuant to this section. The state board shall approve or disapprove

1 a district application not later than 60 days after receipt. Upon
2 approval of any district application, the state board shall
3 simultaneously approve a reservation of funding for that district
4 to administer. Reserved funds shall be disbursed to the district so
5 that funding of a district-approved project is not impeded.

6 (j) Notwithstanding any other provision of this chapter, districts
7 and the Mobile Source Air Pollution Reduction Review Committee
8 shall not use funds collected pursuant to Section 41081 or Chapter
9 7 (commencing with Section 44220), or pursuant to Section
10 9250.11 of the Vehicle Code, as matching funds to fund a project
11 with stationary or portable engines, locomotives, or marine vessels.

12 (k) Any funds reserved for a district pursuant to this section are
13 available to the district for a period of not more than two years
14 from the time of reservation. Funds not expended by June 30 of
15 the second calendar year following the date of the reservation shall
16 revert back to the state board as of that June 30, and shall be
17 deposited in the fund for use by the program. The funds may then
18 be redirected based on applications to the fund. Regardless of any
19 reversion of funds back to the state board, the district may continue
20 to request other reservations of funds for local administration. Each
21 reservation of funds shall be accounted for separately, and unused
22 funds from each application shall revert back to the state board as
23 specified in this subdivision.

24 (l) The state board shall specify a date each year when district
25 applications are due. If the eligible applications received in any
26 year oversubscribe the available funds, the state board shall reserve
27 funds on an allocation basis, pursuant to Section 44299.2. The
28 state board may accept a district application after the due date for
29 a period of months specified by the state board. Funds may be
30 reserved in response to those applications, in accordance with this
31 chapter, out of funds remaining after the original reservation of
32 funds for the year.

33 (m) Guidelines for a district application shall require information
34 from an applicant district to the extent necessary to meet the
35 requirements of this chapter, but shall otherwise minimize the
36 information required of a district.

37 (n) A district application shall be reviewed by the state board
38 immediately upon receipt. If the state board determines that an
39 application is incomplete, the applicant shall be notified within 10
40 working days with an explanation of what is missing from the

1 application. A completed application fulfilling the criteria shall be
2 approved as soon as practicable, but not later than 60 working days
3 after receipt.

4 (o) The commission, in consultation with the districts, shall
5 establish project approval criteria and guidelines for infrastructure
6 projects consistent with Section 44284 as soon as practicable, but
7 not later than February 15, 2000. The commission shall make draft
8 criteria and guidelines available to the public 45 days before final
9 adoption, and shall hold at least one public meeting to consider
10 public comments before final adoption.

11 (p) The commission, in consultation with the participating
12 districts, may propose revisions to the criteria and guidelines
13 established pursuant to subdivision (o) as necessary to improve
14 the ability of the program to achieve its goals. A revision may be
15 proposed at any time, or may be proposed in response to a finding
16 made in the annual report on the program published by the state
17 board pursuant to Section 44295. A proposed revision shall be
18 made available to the public 45 days before final adoption of the
19 revision and the commission shall hold at least one public meeting
20 to consider public comments before final adoption of the revision.

21 (q) Unclaimed funds will be allocated by the state board in
22 accordance with Section 44299.2.

23 (r) This section shall remain in effect only until January 1, 2024,
24 and as of that date is repealed, unless a later enacted statute, that
25 is enacted before January 1, 2024, deletes or extends that date.

26 SEC. 25. Section 44287 of the Health and Safety Code, as
27 added by Section 10.5 of Chapter 707 of the Statutes of 2004, is
28 amended to read:

29 44287. (a) The state board shall establish grant criteria and
30 guidelines consistent with this chapter for covered vehicle projects
31 as soon as practicable, but not later than January 1, 2000. The
32 adoption of guidelines is exempt from the rulemaking provisions
33 of the Administrative Procedure Act, Chapter 3.5 (commencing
34 with Section 11340) of Part 1 of Division 3 of Title 2 of the
35 Government Code. The state board shall solicit input and comment
36 from the districts during the development of the criteria and
37 guidelines and shall make every effort to develop criteria and
38 guidelines that are compatible with existing district programs that
39 are also consistent with this chapter. Guidelines shall include
40 protocols to calculate project cost-effectiveness. The grant criteria

1 and guidelines shall include safeguards to ensure that the project
2 generates surplus emissions reductions. Guidelines shall enable
3 and encourage districts to cofund projects that provide emissions
4 reductions in more than one district. The state board shall make
5 draft criteria and guidelines available to the public 45 days before
6 final adoption, and shall hold at least one public meeting to
7 consider public comments before final adoption.

8 (b) The state board, in consultation with the participating
9 districts, may propose revisions to the criteria and guidelines
10 established pursuant to subdivision (a) as necessary to improve
11 the ability of the program to achieve its goals. A proposed revision
12 shall be made available to the public 45 days before final adoption
13 of the revision and the state board shall hold at least one public
14 meeting to consider public comments before final adoption of the
15 revision.

16 (c) The state board shall reserve funds for, and disburse funds
17 to, districts from the fund for administration pursuant to this section
18 and Section 44299.1.

19 (d) The state board shall develop guidelines for a district to
20 follow in applying for the reservation of funds, in accordance with
21 this chapter. It is the intent of the Legislature that district
22 administration of any reserved funds be in accordance with the
23 project selection criteria specified in Sections 44281, 44282, and
24 44283 and all other provisions of this chapter. The guidelines shall
25 be established and published by the state board as soon as
26 practicable, but not later than January 1, 2000.

27 (e) Funds shall be reserved by the state board for administration
28 by a district that adopts an eligible program pursuant to this chapter
29 and offers matching funds at a ratio of one dollar (\$1) of matching
30 funds committed by the district or the Mobile Source Air Pollution
31 Reduction Review Committee for every two dollars (\$2) committed
32 from the fund. Funds available to the Mobile Source Air Pollution
33 Reduction Review Committee may be counted as matching funds
34 for projects in the South Coast Air Basin only if the committee
35 approves the use of these funds for matching purposes. Matching
36 funds may be any funds under the district's budget authority that
37 are committed to be expended in accordance with the program.
38 Funds committed by a port authority or a local government, in
39 cooperation with a district, to be expended in accordance with the
40 program may also be counted as district matching funds. Matching

1 funds provided by a port authority or a local government may not
2 exceed 30 percent of the total required matching funds in any
3 district that applies for more than three hundred thousand dollars
4 (\$300,000) of the state board funds. Only a district, or a port
5 authority or a local government teamed with a district, may provide
6 matching funds.

7 (f) The state board may adjust the ratio of matching funds
8 described in subdivision (e), if it determines that an adjustment is
9 necessary in order to maximize the use of, or the air quality benefits
10 provided by, the program, based on a consideration of the financial
11 resources of the district.

12 (g) Notwithstanding subdivision (e), a district need not provide
13 matching funds for state board funds allocated to the district for
14 program outreach activities pursuant to paragraph (4) of subdivision
15 (a) of Section 44299.1.

16 (h) A district may include within its matching funds a reasonable
17 estimate of direct or in-kind costs for assistance in providing
18 program outreach and application evaluation. In-kind and direct
19 matching funds shall not exceed 15 percent of the total matching
20 funds offered by a district. A district may also include within its
21 matching funds any money spent on or after February 25, 1999,
22 that would have qualified as matching funds but were not
23 previously claimed as matching funds.

24 (i) A district desiring a reservation of funds shall apply to the
25 state board following the application guidelines established
26 pursuant to this section. The state board shall approve or disapprove
27 a district application not later than 60 days after receipt. Upon
28 approval of any district application, the state board shall
29 simultaneously approve a reservation of funding for that district
30 to administer. Reserved funds shall be disbursed to the district so
31 that funding of a district-approved project is not impeded.

32 (j) Notwithstanding any other provision of this chapter, districts
33 and the Mobile Source Air Pollution Reduction Review Committee
34 shall not use funds collected pursuant to Section 41081 or Chapter
35 7 (commencing with Section 44220), or pursuant to Section
36 9250.11 of the Vehicle Code, as matching funds to fund a project
37 with stationary or portable engines, locomotives, or marine vessels.

38 (k) Any funds reserved for a district pursuant to this section are
39 available to the district for a period of not more than two years
40 from the time of reservation. Funds not expended by June 30 of

1 the second calendar year following the date of the reservation shall
2 revert back to the state board as of that June 30, and shall be
3 deposited in the fund for use by the program. The funds may then
4 be redirected based on applications to the fund. Regardless of any
5 reversion of funds back to the state board, the district may continue
6 to request other reservations of funds for local administration. Each
7 reservation of funds shall be accounted for separately, and unused
8 funds from each application shall revert back to the state board as
9 specified in this subdivision.

10 (l) The state board shall specify a date each year when district
11 applications are due. If the eligible applications received in any
12 year oversubscribe the available funds, the state board shall reserve
13 funds on an allocation basis, pursuant to subdivision (b) of Section
14 44299.1. The state board may accept a district application after
15 the due date for a period of months specified by the state board.
16 Funds may be reserved in response to those applications, in
17 accordance with this chapter, out of funds remaining after the
18 original reservation of funds for the year.

19 (m) Guidelines for a district application shall require information
20 from an applicant district to the extent necessary to meet the
21 requirements of this chapter, but shall otherwise minimize the
22 information required of a district.

23 (n) A district application shall be reviewed by the state board
24 immediately upon receipt. If the state board determines that an
25 application is incomplete, the applicant shall be notified within 10
26 working days with an explanation of what is missing from the
27 application. A completed application fulfilling the criteria shall be
28 approved as soon as practicable, but not later than 60 working days
29 after receipt.

30 (o) The state board, in consultation with the districts, shall
31 establish project approval criteria and guidelines for infrastructure
32 projects consistent with Section 44284 as soon as practicable, but
33 not later than February 15, 2000. The commission shall make draft
34 criteria and guidelines available to the public 45 days before final
35 adoption, and shall hold at least one public meeting to consider
36 public comments before final adoption.

37 (p) The state board, in consultation with the participating
38 districts, may propose revisions to the criteria and guidelines
39 established pursuant to subdivision (o) as necessary to improve
40 the ability of the program to achieve its goals. A revision may be

1 proposed at any time, or may be proposed in response to a finding
2 made in the annual report on the program published by the state
3 board pursuant to Section 44295. A proposed revision shall be
4 made available to the public 45 days before final adoption of the
5 revision and the commission shall hold at least one public meeting
6 to consider public comments before final adoption of the revision.

7 (q) This section shall become operative on January 1, 2024.

8 SEC. 26. Section 44299 of the Health and Safety Code is
9 repealed.

10 SEC. 27. Section 44299.1 of the Health and Safety Code, as
11 amended by Section 3 of Chapter 627 of the Statutes of 2006, is
12 amended to read:

13 44299.1. (a) To ensure that emission reductions are obtained
14 as needed from pollution sources, any moneys deposited in the
15 fund for use by the program or appropriated to the program shall
16 be segregated and administered as follows:

17 (1) Not more than 2 percent of the moneys in the fund for use
18 by the program shall be allocated to program support and outreach
19 costs incurred by the state board and the commission directly
20 associated with implementing the program pursuant to this chapter.
21 These funds shall be allocated to the state board and the
22 commission in proportion to total program funds administered by
23 the state board and the commission.

24 (2) Not more than 2 percent of the moneys in the fund for use
25 by the program shall be allocated to direct program outreach
26 activities. The state board may use these funds for program
27 outreach contracts or may allocate outreach funds to participating
28 districts in proportion to each district's allocation from the program
29 moneys in the fund. The state board shall report on the use of
30 outreach funds in their reports to the Legislature pursuant to Section
31 44295.

32 (3) The balance shall be deposited in the fund to be expended
33 to offset added costs of new very low or zero-emission vehicle
34 technologies, and emission reducing repowers, retrofits, and add-on
35 equipment for covered vehicles and engines, and other projects
36 specified in Section 44281.

37 (b) Moneys in the fund shall be allocated to a district that
38 submits an eligible application to the state board pursuant to
39 Section 44287. The state board shall determine the maximum
40 amount of annual funding from the fund for use by the program

1 that each district may receive. This determination shall be based
2 on the population in each district as well as the relative importance
3 of obtaining covered emission reductions in each district,
4 specifically through the program.

5 (c) Not more than 5 percent of the moneys allocated pursuant
6 to this chapter to a district with a population of one million or more
7 may be used by the district for indirect costs of implementation of
8 the program, including outreach costs that are subject to the
9 limitation in paragraph (2) of subdivision (a).

10 (d) Not more than 10 percent of the moneys allocated pursuant
11 to this chapter to a district with a population of less than one
12 million may be used by the district for indirect costs of
13 implementation of the program, including outreach costs that are
14 subject to the limitation in paragraph (2) of subdivision (a).

15 (e) This section shall remain in effect only until January 1, 2024,
16 and as of that date is repealed, unless a later enacted statute, that
17 is enacted before January 1, 2024, deletes or extends that date.

18 SEC. 28. Section 44299.1 of the Health and Safety Code, as
19 added by Section 11.5 of Chapter 707 of the Statutes of 2004, is
20 amended to read:

21 44299.1. (a) To ensure that emission reductions are obtained
22 as needed from pollution sources, any moneys deposited in the
23 fund for use by the program or appropriated to the program shall
24 be segregated and administered as follows:

25 (1) Ten percent, not to exceed two million dollars (\$2,000,000),
26 shall be allocated to the infrastructure demonstration project to be
27 used pursuant to Section 44284.

28 (2) Ten percent shall be deposited in the fund for use by the
29 program to be used to support research, development,
30 demonstration, and commercialization of advanced low-emission
31 technologies for covered sources that show promise of contributing
32 to the goals of the program.

33 (3) Not more than 2 percent of the moneys in the fund for use
34 by the program shall be allocated to program support and outreach
35 costs incurred by the state board and the commission directly
36 associated with implementing the program pursuant to this chapter.
37 These funds shall be allocated to the state board and the
38 commission in proportion to total program funds administered by
39 the state board and the commission.

1 (4) Not more than 2 percent of the moneys in the fund for use
2 by the program shall be allocated to direct program outreach
3 activities. The state board may use these funds for program
4 outreach contracts or may allocate outreach funds to participating
5 air districts in proportion to each district's allocation from the fund
6 for use by the program. The state board shall report on the use of
7 outreach funds in their reports to the Legislature pursuant to Section
8 44295.

9 (5) The balance shall be deposited in the fund for use by the
10 program to be expended to offset added costs of new very low or
11 zero-emission vehicle technologies, and emission reducing
12 repowers, retrofits, and add-on equipment for covered vehicles
13 and engines.

14 (b) Moneys in the fund for use by the program shall be allocated
15 to a district that submits an eligible application to the state board
16 pursuant to Section 44287. The state board shall determine the
17 maximum amount of annual funding from the fund for use by the
18 program that each district may receive. This determination shall
19 be based on the population in each district as well as the relative
20 importance of obtaining NO_x reductions in each district,
21 specifically through the program.

22 (c) This section shall become operative on January 1, 2024.

23 SEC. 29. Section 44299.2 of the Health and Safety Code is
24 amended to read:

25 44299.2. Funds shall be allocated to districts, and shall be
26 subject to administrative terms and conditions as follows:

27 (a) Available funds shall be distributed to districts taking into
28 consideration the population of the area, the severity of the air
29 quality problems experienced by the population, and the historical
30 allocation of the program funds, except that the south coast district
31 shall be allocated a percentage of the total funds available to
32 districts that is proportional to the percentage of the total state
33 population residing within the jurisdictional boundaries of that
34 district. For the purposes of this subdivision, population shall be
35 determined by the state board based on the most recent data
36 provided by the Department of Finance. The allocation to the south
37 coast district shall be subtracted from the total funds available to
38 districts. Each district, except the south coast district, shall be
39 awarded a minimum allocation of two hundred thousand dollars

1 (\$200,000), and the remainder, which shall be known as the
2 “allocation amount,” shall be allocated to all districts as follows:

3 (1) The state board shall distribute 35 percent of the allocation
4 amount to the districts in proportion to the percentage of the total
5 residual state population that resides within each district’s
6 boundaries. For purposes of this paragraph, “total residual state
7 population” means the total state population, less the total
8 population that resides within the south coast district.

9 (2) The state board shall distribute 35 percent of the allocation
10 amount to the districts in proportion to the severity of the air quality
11 problems to which each district’s population is exposed. The
12 severity of the exposure shall be calculated as follows:

13 (A) Each district shall be awarded severity points based on the
14 district’s attainment designation and classification, as most recently
15 promulgated by the federal Environmental Protection Agency for
16 the National Ambient Air Quality Standard for ozone averaged
17 over eight hours, as follows:

18 (i) A district that is designated attainment for the federal
19 eight-hour ozone standard shall be awarded one point.

20 (ii) A district that is designated nonattainment for the federal
21 eight-hour ozone standard shall be awarded severity points based
22 on classification. Two points shall be awarded for transitional,
23 basic, or marginal classifications, three points for moderate
24 classification, four points for serious classification, five points for
25 severe classification, six points for severe-17 classification, and
26 seven points for extreme classification.

27 (B) Each district shall be awarded severity points based on the
28 annual diesel particulate emissions in the air basin, as determined
29 by the state board. One point shall be awarded to the district, in
30 increments, for each 1,000 tons of diesel particulate emissions. In
31 making this determination, 0 to 999 tons shall be awarded no
32 points, 1,000 to 1,999 tons shall be awarded one point, 2,000 to
33 2,999 tons shall be awarded two points, and so forth. If a district
34 encompasses more than one air basin, the air basin with the greatest
35 diesel particulate emissions shall be used to determine the points
36 awarded to the district. The San Diego County Air Pollution
37 Control District and the Imperial County Air Pollution Control
38 District shall be awarded one additional point each to account for
39 annual diesel particulate emissions transported from Mexico.

1 (C) The points awarded under subparagraphs (A) and (B), shall
2 be added together for each district, and the total shall be multiplied
3 by the population residing within the district boundaries, to yield
4 the local air quality exposure index.

5 (D) The local air quality exposure index for each district shall
6 be summed together to yield a total state exposure index. Funds
7 shall be allocated under this paragraph to each district in proportion
8 to its local air quality exposure index divided by the total state
9 exposure index.

10 (3) The state board shall distribute 30 percent of the allocation
11 amount to the districts in proportion to the allocation of funds from
12 the program moneys in the fund, as follows:

13 (A) Because each district is awarded a minimum allocation
14 pursuant to subdivision (a), there shall be no additional minimum
15 allocation from the program historical allocation funds. The total
16 amount allocated in this way shall be subtracted from total funding
17 previously awarded to the district under the program, and the
18 remainder, which shall be known as directed funds, shall be
19 allocated pursuant to subparagraph (B).

20 (B) Each district with a population that is greater than or equal
21 to 1 percent of the state's population shall receive an additional
22 allocation based on the population of the district and the district's
23 relative share of emission reduction commitments in the state
24 implementation plan to attain the National Ambient Air Quality
25 Standard for ozone averaged over one hour. This additional
26 allocation shall be calculated as a percentage share of the directed
27 funds for each district, derived using a ratio of each district's share
28 amount to the base amount, which shall be calculated as follows:

29 (i) The base amount shall be the total program funds allocated
30 by the state board to the districts in the 2002–03 fiscal year, less
31 the total of the funds allocated through the minimum allocation to
32 each district in the 2002–03 fiscal year.

33 (ii) The share amount shall be the allocation that each district
34 received in the 2002–03 fiscal year, not including the minimum
35 allocation. There shall be one share amount for each district.

36 (iii) The percentage share shall be calculated for each district
37 by dividing the district's share amount by the base amount, and
38 multiplying the result by the total directed funds available under
39 this subparagraph.

1 (b) Funds shall be distributed as expeditiously as reasonably
2 practicable, and a report of the distribution shall be made available
3 to the public.

4 (c) All funds allocated pursuant to this section shall be expended
5 as provided in the guidelines adopted pursuant to Section 44287
6 within two years from the date of allocation. Funds not expended
7 within the two years shall be returned to the program moneys in
8 the fund within 60 days and shall be subject to further allocation
9 as follows:

10 (1) Within 30 days of the deadline to return funds, the state
11 board shall notify the districts of the total amount of returned funds
12 available for reallocation, and shall list those districts that request
13 supplemental funds from the reallocation and that are able to
14 expend those funds within one year.

15 (2) Within 90 days of the deadline to return funds, the state
16 board shall allocate the returned funds to the districts listed
17 pursuant to paragraph (1).

18 (3) All supplemental funds distributed under this subdivision
19 shall be expended consistent with the program within one year of
20 the date of supplemental allocation. Funds not expended within
21 one year shall be returned to the program moneys in the fund and
22 shall be distributed at the discretion of the state board to districts,
23 taking into consideration each district's ability to expeditiously
24 utilize the remaining funds consistent with the program.

25 (d) This section shall remain in effect only until January 1, 2024,
26 and as of that date is repealed, unless a later enacted statute, that
27 is enacted before January 1, 2024, deletes or extends that date.

28 SEC. 30. Section 42885 of the Public Resources Code, as
29 amended by Section 55 of Chapter 77 of the Statutes of 2006, is
30 amended to read:

31 42885. (a) For purposes of this section, "California tire fee"
32 means the fee imposed pursuant to this section.

33 (b) (1) A person who purchases a new tire, as defined in
34 subdivision (g), shall pay a California tire fee of one dollar and
35 seventy-five cents (\$1.75) per tire.

36 (2) The retail seller shall charge the retail purchaser the amount
37 of the California tire fee as a charge that is separate from, and not
38 included in, any other fee, charge, or other amount paid by the
39 retail purchaser.

1 (3) The retail seller shall collect the California tire fee from the
2 retail purchaser at the time of sale and may retain 1 ½ percent of
3 the fee as reimbursement for any costs associated with the
4 collection of the fee. The retail seller shall remit the remainder to
5 the state on a quarterly schedule for deposit in the California Tire
6 Recycling Management Fund, which is hereby created in the State
7 Treasury.

8 (c) The department, or its agent authorized pursuant to Section
9 42882, shall be reimbursed for its costs of collection, auditing, and
10 making refunds associated with the California Tire Recycling
11 Management Fund, but not to exceed 3 percent of the total annual
12 revenue deposited in the fund.

13 (d) The California tire fee imposed pursuant to subdivision (b)
14 shall be separately stated by the retail seller on the invoice given
15 to the customer at the time of sale. Any other disposal or
16 transaction fee charged by the retail seller related to the tire
17 purchase shall be identified separately from the California tire fee.

18 (e) A person or business who knowingly, or with reckless
19 disregard, makes a false statement or representation in a document
20 used to comply with this section is liable for a civil penalty for
21 each violation or, for continuing violations, for each day that the
22 violation continues. Liability under this section may be imposed
23 in a civil action and shall not exceed twenty-five thousand dollars
24 (\$25,000) for each violation.

25 (f) In addition to the civil penalty that may be imposed pursuant
26 to subdivision (e), the department may impose an administrative
27 penalty in an amount not to exceed five thousand dollars (\$5,000)
28 for each violation of a separate provision or, for continuing
29 violations, for each day that the violation continues, on a person
30 who intentionally or negligently violates a permit, rule, regulation,
31 standard, or requirement issued or adopted pursuant to this chapter.
32 The department shall adopt regulations that specify the amount of
33 the administrative penalty and the procedure for imposing an
34 administrative penalty pursuant to this subdivision.

35 (g) For purposes of this section, “new tire” means a pneumatic
36 or solid tire intended for use with onroad or off-road motor
37 vehicles, motorized equipment, construction equipment, or farm
38 equipment that is sold separately from the motorized equipment,
39 or a new tire sold with a new or used motor vehicle, as defined in
40 Section 42803.5, including the spare tire, construction equipment,

1 or farm equipment. “New tire” does not include retreaded, reused,
2 or recycled tires.

3 (h) The California tire fee shall not be imposed on a tire sold
4 with, or sold separately for use on, any of the following:

5 (1) A self-propelled wheelchair.

6 (2) A motorized tricycle or motorized quadricycle, as defined
7 in Section 407 of the Vehicle Code.

8 (3) A vehicle that is similar to a motorized tricycle or motorized
9 quadricycle and is designed to be operated by a person who, by
10 reason of the person’s physical disability, is otherwise unable to
11 move about as a pedestrian.

12 (i) This section shall remain in effect only until January 1, 2024,
13 and as of that date is repealed, unless a later enacted statute, that
14 is enacted before January 1, 2024, deletes or extends that date.

15 SEC. 31. Section 42885 of the Public Resources Code, as added
16 by Section 13.5 of Chapter 707 of the Statutes of 2004, is amended
17 to read:

18 42885. (a) For purposes of this section, “California tire fee”
19 means the fee imposed pursuant to this section.

20 (b) (1) Every person who purchases a new tire, as defined in
21 subdivision (g), shall pay a California tire fee of seventy-five cents
22 (\$0.75) per tire.

23 (2) The retail seller shall charge the retail purchaser the amount
24 of the California tire fee as a charge that is separate from, and not
25 included in, any other fee, charge, or other amount paid by the
26 retail purchaser.

27 (3) The retail seller shall collect the California tire fee from the
28 retail purchaser at the time of sale and may retain 3 percent of the
29 fee as reimbursement for any costs associated with the collection
30 of the fee. The retail seller shall remit the remainder to the state
31 on a quarterly schedule for deposit in the California Tire Recycling
32 Management Fund, which is hereby created in the State Treasury.

33 (c) The department, or its agent authorized pursuant to Section
34 42882, shall be reimbursed for its costs of collection, auditing, and
35 making refunds associated with the California Tire Recycling
36 Management Fund, but not to exceed 3 percent of the total annual
37 revenue deposited in the fund.

38 (d) The California tire fee imposed pursuant to subdivision (b)
39 shall be separately stated by the retail seller on the invoice given
40 to the customer at the time of sale. Any other disposal or

1 transaction fee charged by the retail seller related to the tire
2 purchase shall be identified separately from the California tire fee.

3 (e) Any person or business who knowingly, or with reckless
4 disregard, makes any false statement or representation in any
5 document used to comply with this section is liable for a civil
6 penalty for each violation or, for continuing violations, for each
7 day that the violation continues. Liability under this section may
8 be imposed in a civil action and shall not exceed twenty-five
9 thousand dollars (\$25,000) for each violation.

10 (f) In addition to the civil penalty that may be imposed pursuant
11 to subdivision (e), the department may impose an administrative
12 penalty in an amount not to exceed five thousand dollars (\$5,000)
13 for each violation of a separate provision or, for continuing
14 violations, for each day that the violation continues, on any person
15 who intentionally or negligently violates any permit, rule,
16 regulation, standard, or requirement issued or adopted pursuant to
17 this chapter. The department shall adopt regulations that specify
18 the amount of the administrative penalty and the procedure for
19 imposing an administrative penalty pursuant to this subdivision.

20 (g) For purposes of this section, “new tire” means a pneumatic
21 or solid tire intended for use with onroad or off-road motor
22 vehicles, motorized equipment, construction equipment, or farm
23 equipment that is sold separately from the motorized equipment,
24 or a new tire sold with a new or used motor vehicle, as defined in
25 Section 42803.5, including the spare tire, construction equipment,
26 or farm equipment. “New tire” does not include retreaded, reused,
27 or recycled tires.

28 (h) The California tire fee may not be imposed on any tire sold
29 with, or sold separately for use on, any of the following:

- 30 (1) Any self-propelled wheelchair.
31 (2) Any motorized tricycle or motorized quadricycle, as defined
32 in Section 407 of the Vehicle Code.
33 (3) Any vehicle that is similar to a motorized tricycle or
34 motorized quadricycle and is designed to be operated by a person
35 who, by reason of the person’s physical disability, is otherwise
36 unable to move about as a pedestrian.

37 (i) This section shall become operative on January 1, 2024.

38 SEC. 32. Section 42889 of the Public Resources Code, as
39 amended by Section 3 of Chapter 333 of the Statutes of 2009, is
40 amended to read:

1 42889. (a) Of the moneys collected pursuant to Section 42885,
2 an amount equal to seventy-five cents (\$0.75) per tire on which
3 the fee is imposed shall be transferred by the State Board of
4 Equalization to the Air Pollution Control Fund. The state board
5 shall expend those moneys, or allocate those moneys to the districts
6 for expenditure, to fund programs and projects that mitigate or
7 remediate air pollution caused by tires in the state, to the extent
8 that the state board or the applicable district determines that the
9 program or project remediates air pollution harms created by tires
10 upon which the fee described in Section 42885 is imposed.

11 (b) The remaining moneys collected pursuant to Section 42885
12 shall be used to fund the waste tire program, and shall be
13 appropriated to the department in the annual Budget Act in a
14 manner consistent with the five-year plan adopted and updated by
15 the department. These moneys shall be expended for the payment
16 of refunds under this chapter and for the following purposes:

17 (1) To pay the administrative overhead cost of this chapter, not
18 to exceed 6 percent of the total revenue deposited in the fund
19 annually, or an amount otherwise specified in the annual Budget
20 Act.

21 (2) To pay the costs of administration associated with collection,
22 making refunds, and auditing revenues in the fund, not to exceed
23 3 percent of the total revenue deposited in the fund, as provided
24 in subdivision (c) of Section 42885.

25 (3) To pay the costs associated with operating the tire recycling
26 program specified in Article 3 (commencing with Section 42870).

27 (4) To pay the costs associated with the development and
28 enforcement of regulations relating to the storage of waste tires
29 and used tires. The department shall consider designating a city,
30 county, or city and county as the enforcement authority of
31 regulations relating to the storage of waste tires and used tires, as
32 provided in subdivision (c) of Section 42850, and regulations
33 relating to the hauling of waste and used tires, as provided in
34 subdivision (b) of Section 42963. If the department designates a
35 local entity for that purpose, the department shall provide sufficient,
36 stable, and noncompetitive funding to that entity for that purpose,
37 based on available resources, as provided in the five-year plan
38 adopted and updated as provided in subdivision (a) of Section
39 42885.5. The department may consider and create, as appropriate,
40 financial incentives for citizens who report the illegal hauling or

1 disposal of waste tires as a means of enhancing local and statewide
2 waste tire and used tire enforcement programs.

3 (5) To pay the costs of cleanup, abatement, removal, or other
4 remedial action related to waste tire stockpiles throughout the state,
5 including all approved costs incurred by other public agencies
6 involved in these activities by contract with the department. Not
7 less than six million five hundred thousand dollars (\$6,500,000)
8 shall be expended by the department during each of the following
9 fiscal years for this purpose: 2001–02 to 2006–07, inclusive.

10 (6) To make studies and conduct research directed at promoting
11 and developing alternatives to the landfill disposal of waste tires.

12 (7) To assist in developing markets and new technologies for
13 used tires and waste tires. The department's expenditure of funds
14 for purposes of this subdivision shall reflect the priorities for waste
15 management practices specified in subdivision (a) of Section
16 40051.

17 (8) To pay the costs associated with implementing and operating
18 a waste tire and used tire hauler program and manifest system
19 pursuant to Chapter 19 (commencing with Section 42950).

20 (9) To pay the costs to create and maintain an emergency
21 reserve, which shall not exceed one million dollars (\$1,000,000).

22 (10) To pay the costs of cleanup, abatement, or other remedial
23 action related to the disposal of waste tires in implementing and
24 operating the Farm and Ranch Solid Waste Cleanup and Abatement
25 Grant Program established pursuant to Chapter 2.5 (commencing
26 with Section 48100) of Part 7.

27 (11) To fund border region activities specified in paragraph (8)
28 of subdivision (b) of Section 42885.5.

29 (c) This section shall remain in effect only until January 1, 2024,
30 and as of that date is repealed, unless a later enacted statute that
31 is enacted before January 1, 2024, deletes or extends that date.

32 SEC. 33. Section 42889 of the Public Resources Code, as
33 amended by Section 4 of Chapter 333 of the Statutes of 2009, is
34 amended to read:

35 42889. Funding for the waste tire program shall be appropriated
36 to the department in the annual Budget Act. The moneys in the
37 fund shall be expended for the payment of refunds under this
38 chapter and for the following purposes:

39 (a) To pay the administrative overhead cost of this chapter, not
40 to exceed 5 percent of the total revenue deposited in the fund

1 annually, or an amount otherwise specified in the annual Budget
2 Act.

3 (b) To pay the costs of administration associated with collection,
4 making refunds, and auditing revenues in the fund, not to exceed
5 3 percent of the total revenue deposited in the fund, as provided
6 in subdivision (b) of Section 42885.

7 (c) To pay the costs associated with operating the tire recycling
8 program specified in Article 3 (commencing with Section 42870).

9 (d) To pay the costs associated with the development and
10 enforcement of regulations relating to the storage of waste tires
11 and used tires. The department shall consider designating a city,
12 county, or city and county as the enforcement authority of
13 regulations relating to the storage of waste tires and used tires, as
14 provided in subdivision (c) of Section 42850, and regulations
15 relating to the hauling of waste and used tires, as provided in
16 subdivision (b) of Section 42963. If the department designates a
17 local entity for that purpose, the department shall provide sufficient,
18 stable, and noncompetitive funding to that entity for that purpose,
19 based on available resources, as provided in the five-year plan
20 adopted and updated as provided in subdivision (a) of Section
21 42885.5. The department may consider and create, as appropriate,
22 financial incentives for citizens who report the illegal hauling or
23 disposal of waste tires as a means of enhancing local and statewide
24 waste tire and used tire enforcement programs.

25 (e) To pay the costs of cleanup, abatement, removal, or other
26 remedial action related to waste tire stockpiles throughout the state,
27 including all approved costs incurred by other public agencies
28 involved in these activities by contract with the department. Not
29 less than six million five hundred thousand dollars (\$6,500,000)
30 shall be expended by the department during each of the following
31 fiscal years for this purpose: 2001–02 to 2006–07, inclusive.

32 (f) To fund border region activities specified in paragraph (8)
33 of subdivision (b) of Section 42885.5.

34 (g) This section shall become operative on January 1, 2024.

35 SEC. 34. Section 9250.1 of the Vehicle Code is amended to
36 read:

37 9250.1. (a) Beginning July 1, 2008, the fee described in Section
38 9250 shall be increased by three dollars (\$3).

39 (b) Two dollars (\$2) of the increase shall be deposited into the
40 Alternative and Renewable Fuel and Vehicle Technology Fund

1 created by Section 44273 of the Health and Safety Code, and one
2 dollar (\$1) shall be deposited into the Enhanced Fleet
3 Modernization Subaccount created by Section 44126 of the Health
4 and Safety Code.

5 (c) This section shall remain in effect only until January 1, 2024,
6 and as of that date is repealed, unless a later enacted statute, that
7 is enacted before January 1, 2024, deletes or extends that date.

8 SEC. 35. Section 9250.2 of the Vehicle Code, as amended by
9 Section 15 of Chapter 707 of the Statutes of 2004, is amended to
10 read:

11 9250.2. (a) The department, if requested by the Sacramento
12 Metropolitan Air Quality Management District pursuant to Section
13 41081 of the Health and Safety Code, shall impose and collect a
14 surcharge on the registration fees for every motor vehicle registered
15 in that district, not to exceed the amount of six dollars (\$6), as
16 specified by the governing body of that district.

17 (b) This section shall remain in effect only until January 1, 2024,
18 and as of that date is repealed, unless a later enacted statute, that
19 is enacted before January 1, 2024, deletes or extends that date.

20 SEC. 36. Section 9250.2 of the Vehicle Code, as added by
21 Section 15.5 of Chapter 707 of the Statutes of 2004, is amended
22 to read:

23 9250.2. (a) The department, if requested by the Sacramento
24 Metropolitan Air Quality Management District pursuant to Section
25 41081 of the Health and Safety Code, shall impose and collect a
26 surcharge on the registration fees for every motor vehicle registered
27 in that district, not to exceed four dollars (\$4).

28 (b) This section shall become operative on January 1, 2024.

29 SEC. 37. Section 9261.1 of the Vehicle Code is amended to
30 read:

31 9261.1. (a) Beginning July 1, 2008, the fee described in Section
32 9261, as adjusted pursuant to Section 1678, shall be increased by
33 five dollars (\$5).

34 (b) Two dollars and fifty cents (\$2.50) of the increase shall be
35 deposited into the Alternative and Renewable Fuel and Vehicle
36 Technology Fund created by Section 44273 of the Health and
37 Safety Code, and two dollars and fifty cents (\$2.50) shall be
38 deposited into the Air Quality Improvement Fund created by
39 Section 44274.5 of the Health and Safety Code.

1 (c) This section shall remain in effect only until January 1, 2024,
2 and as of that date is repealed, unless a later enacted statute, that
3 is enacted before January 1, 2024, deletes or extends that date.

4 SEC. 38. Section 9853.6 of the Vehicle Code is amended to
5 read:

6 9853.6. (a) (1) Beginning July 1, 2008, the fee described in
7 paragraph (1) of subdivision (b) of Section 9853 shall be increased
8 by ten dollars (\$10).

9 (2) Five dollars (\$5) of the increase shall be deposited into the
10 Alternative and Renewable Fuel and Vehicle Technology Fund
11 created by Section 44273 of the Health and Safety Code and five
12 dollars (\$5) shall be deposited into the Air Quality Improvement
13 Fund created by Section 44274.5 of the Health and Safety Code.

14 (b) (1) Beginning July 1, 2008, the fee described in paragraph
15 (2) of subdivision (b) of Section 9853 shall be increased by twenty
16 dollars (\$20).

17 (2) Ten dollars (\$10) of the increase shall be deposited into the
18 Alternative and Renewable Fuel and Vehicle Technology Fund
19 created by Section 44273 of the Health and Safety Code and ten
20 dollars (\$10) shall be deposited into the Air Quality Improvement
21 Fund created by Section 44274.5 of the Health and Safety Code.

22 (c) This section shall remain in effect only until January 1, 2024,
23 and as of that date is repealed, unless a later enacted statute, that
24 is enacted before January 1, 2024, deletes or extends that date.

25 SEC. 39. This act is an urgency statute necessary for the
26 immediate preservation of the public peace, health, or safety within
27 the meaning of Article IV of the Constitution and shall go into
28 immediate effect. The facts constituting the necessity are:

29 To ensure stable funding for programs to reduce air pollution
30 for the protection of the public health and safety, it is necessary
31 for this measure to take effect immediately.